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# China Report

RED FLAG

No. 12, 16 June 1984

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## CHINA REPORT

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Translation of the semimonthly theoretical journal of the Central Committee of the Communist Party of China published in Beijing.

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## ON KNOWLEDGE AT A HIGHER LEVEL

Beijing RED FLAG in Chinese No 12, 16 Jun 84 pp 2-8

[Commentator's article]

[Text] "Knowledge at a higher level" is an important idea of the Marxist theory of knowledge expounded in "On Practice" by Comrade Mao Zedong, and is the process and law of man's knowledge. Seriously studying and mastering the viewpoint of "knowledge at a higher level" of Marxism in combination with practice has an important significance to our building socialism with Chinese characteristics and creating a new situation in building socialist modernization in an all-round way.

### I

Comrade Mao Zedong pointed out in "On Practice" that in order to change the realistic things, it is necessary to know the realistic things. And the realistic things are not easily known, and it is necessary to go through a process of development of knowledge from the shallower to the deeper on the basis of practice. Start from perceptual knowledge and develop it into rational knowledge, then start from rational knowledge and actively guide practice; and with the development of practice, new perceptual knowledge is continuously acquired, and the new perceptual knowledge is continuously developed into new rational knowledge. In this way, practice, knowledge, again practice, and again knowledge. This form repeats itself in endless cycles, and progresses gradually in depth. This is the Marxist theory of knowledge. In recent years, our party has had a new understanding regarding "knowledge at a higher level" as described by Comrade Mao Zedong.

What is called "knowledge at a higher level" means a continuous and constantly renewed process of knowledge, which includes not only the longitudinal deepening and latitudinal extension of knowledge, but also correcting mistakes and renewing knowledge. Concretely speaking, we should not be satisfied with the knowledge gained by others or by our predecessors, nor should we remain at the same level of knowledge already gained by ourselves, and we should develop our knowledge according to the changes of time, place, and conditions. That is, we should continue to develop our correct knowledge, correct our incorrect knowledge, increase new knowledge, and replace outdated knowledge. Only in this way, can we continue to

emancipate our minds and promote our undertakings. This is a truth repeatedly borne out by the history of our party and the practice of the Chinese revolution.

Our party, in the initial years after its establishment, did not grasp the rules of the Chinese revolution, resulting in repeated failures and experiencing the painful process of struggle-failure-struggle again-failure again. In the course of this, our party persisted in acquiring "knowledge at a higher level," and gradually obtained a clear understanding of China's situation; the entire party realized that the road of Jingganshan with the countryside encircling the city developed by Comrade Mao Zedong was a road leading to the victory of the Chinese revolution, and that the military line formulated by Comrade Mao Zedong was a magic weapon for defeating the enemy in the form of the weak overcoming the strong. This led to the holding of the Zunyi meeting. From that time onward, under the leadership of the CPC Central Committee headed by Comrade Mao Zedong, the people's revolution succeeded in the great country of China in only 14 years. After the founding of the country, regarding the question of how to carry out the socialist construction in China, there was a lack of understanding at the initial stage. In the 27 years from the founding of the country to the death of Comrade Mao Zedong, we gradually gained a certain knowledge and accumulated certain experience, but we still did not truly master the rules governing the socialist construction of China. As a result, on the one hand, great achievements were made in our socialist construction; on the other hand, there were also serious setbacks and losses. We have carried on our work for more than 7 years since the death of Comrade Mao Zedong. During these 7 years, the first 2 years saw the process of hesitating and wavering without positive results; in the latter 5 years since the 3d Plenary Session of the 11th CPC Central Committee, our knowledge has become comparatively correct and clear, and consequently our socialist cause has been getting better and better with growing vitality and prosperity. It should be said that this is the result of our gaining "knowledge at a higher level." Since the third plenary session, we have conducted an overall "bringing order out of chaos" in terms of the guiding ideology, which, in the terminology of philosophy, amounts to "knowledge at a higher level." It is "knowledge at a higher level" regarding the "Great Cultural Revolution," an understanding that the "Great Cultural Revolution" did not have any revolutionary significance or progressive function, and that it was an internal disorder wrongly initiated by the leadership, utilized by counterrevolutionary cliques, and bringing serious disasters to the party, the state, and the people of various nationalities, and it should be radically negated both theoretically and practically; at the same time, it is also "knowledge at a higher level" regarding the 17 years before the "Great Cultural Revolution," an understanding that in those 17 years, things were neither completely correct nor completely wrong, but that the main aspects were correct, but there were also mistakes, principally the "leftist" mistakes, and consequently truth must be adhered to with mistakes corrected in the spirit of looking at things from both sides. It is precisely in the course of this "knowledge at a higher level" that we carry out studies on the new conditions and problems raised in practice, with the result that we begin to understand the laws governing the socialist construction of China and to gradually make clear the path that

we should take in building socialism. Without this "knowledge at a higher level," there would not be the good and burgeoning situation of China today, which is a fact seen and acknowledged the world over.

Take the question of socialism in the countryside for example. The "socialist upsurge in China's countryside" compiled under Comrade Mao Zedong's personal supervision in the 1950's reflected our level of knowledge about the countryside at that time, and it was a document in guiding the socialist transformation of agriculture. It has undergone the test of practice for more than 20 years, and since the 3d Plenary Session of the 11th CPC Central Committee, we have effected a fresh understanding of our countryside. More than 20 years have elapsed since the cooperative movement took place. Why is it that the appearance of the countryside has not been greatly changed? Where does the crux lie? Through gaining "knowledge at a higher level," it was discovered that the key problems were, despite the basic solution of the problem of private ownership, the hitches in operation and management, "eating rice out of the same big pot," egalitarianism, and so on. We listened to the views of the masses, summed up the creation of the masses, and worked out and popularized various forms of contracted responsibility system with payment linked to output on household basis. This reform grasped the fundamental problem existing in agriculture, eliminated defects such as "eating rice from the same big pot," and greatly mobilized the initiative and creativity of the broad masses of peasants. Thus the people are greatly encouraged, different trades are thriving, and every year sees a new appearance in the countryside. Obviously, if everything went on in keeping with the spirit of the "socialist upsurge in China's countryside" without realizing "knowledge at a higher level," there would never be such a great change and development in China's countryside as is witnessed today. This fact vigorously proves how important the question of "knowledge at a higher level" is in relation to the cause of our party. Every one of us should pay attention to this truth, and truly know that it is necessary to have a continuous understanding of things, or even to renew the understanding of things, so as to consciously conduct "knowledge at a higher level" without interruption. Whoever refuses to carry out this kind of "knowledge at a higher level" will fall behind in our era, and this is an irrefutable and definite law.

Here, one thing we must pay attention to, that is, through the practice in the last 30-odd years since the founding of the country, the level of knowledge of our CPC Central Committee has been greatly raised. However, the level of knowledge of many of our comrades engaged in local work and departmental work falls greatly behind compared with that of the central authorities. When we speak of the fulfillment of the task of "bringing order out of chaos" in terms of guiding ideology, we refer mainly to the line, principles, and policies of the central authorities. As for the task of "bringing order out of chaos" in many local organs and departments, there is still a lot of work to be done. Our comrades engaged in local work and departmental work should, through gaining "knowledge at a higher level," emancipate the mind, enhance consciousness, and reduce or even bridge the gap in comparison with the level of knowledge of the central authorities. Only thus can we truly keep pace with the central authorities politically,

implement well the line, principles and policies of the central authorities, and fulfill, comparatively well, the tasks assigned to us by the party and the people.

At present, in our country, reform has become a general trend enjoying the support of the people. It is a radical measure to continuously perfect the socialist system, and is the only way to build socialism with Chinese characteristics. It is necessary to gain "knowledge at a higher level" in order to carry out reform. There will be no reform and cannot possibly be any reform without gaining "knowledge at a higher level" regarding the ever-developing practice, the existing regulations and systems, and the mentality and methodology of people--in short, there will be no reform without a great emancipation and change of the ideology both inside and outside the party and without involving people from the upper levels to the lower levels. When knowledge is enhanced a step further, the reform will advance a step further, and the more correct knowledge is, the better the reform will be--this is a law, a truth already borne out by the reform in the countryside. Many of our concrete systems currently in practice were basically formulated more than 20 years ago, and some of them already became outdated long ago. Hence, if reform is not conducted, there will be no way out. Comrade Deng Xiaoping pointed out as early as 1978: "If we do not practice reform now, our modernization drive and our socialist cause will be ruined." ("Selected Works of Deng Xiaoping," p 140) In the face of such a harsh reality and truth, many of our comrades still fail to have a clear understanding. They are fettered by some unrealistic and incorrect ideas and modes, resulting in nervousness and indecision, hesitating at every step on the road of advance. We must realize that without "bringing order out of chaos," there would never have been today's excellent situation, and, similarly, without carrying out a series of reforms, it will be impossible to gain a victory in building our modernization. With regard to such a great problem as reform which has a great bearing on our cause, we must have a sufficient understanding and full ideological preparations. The task of completing the reform falls historically on the shoulders of the people of the present generation. Daring to reform is the moral character of revolutionaries. Every CPC member and revolutionary should, through gaining "knowledge at a higher level," cast off all the old conventions and outdated ideas which do not suit the new situation, enhance self-consciousness, increase the sense of urgency, make a resolve to reform, strive to explore new ways, catch up with the pace of the times, and be a promoter of reform.

## II

The Marxist theory of knowledge tells us that knowledge has two important links, or two difficult tasks, that is, starting from the particular to the general, and then from the general to the particular. If any problem relating to these two links is not solved well, mistakes will be made. In order to correctly understand and transform the world and to continuously gain "knowledge at a higher level," it is essential to tackle well these two links and fulfill these two tasks.

Comrade Mao Zedong said in his "On Contradiction": "Regarding the sequence in the movement of man's knowledge, there is always a gradual growth from the knowledge of individual and particular things to the knowledge of things in general. Only after man knows the particular essence of many different things can he proceed to generalization and know the common essence of things. When man attains the knowledge of this common essence, he uses it as a guide and proceeds to study various concrete things which have not yet been studied, or studied thoroughly, and to discover the particular essence of each; only thus is he able to supplement, enrich, and develop his knowledge of their common essence and prevent such knowledge from withering or petrifying. These are the two processes of cognition: One, from the particular to the general, and the other, from the general to the particular. Thus cognition always moves in cycles and (so long as scientific method is strictly adhered to) each cycle advances human knowledge a step higher and so makes it more and more profound." ("Selected Works of Mao Zedong," Vol 1, pp 284-285)

Now let us first take a look at the first link. From the particular to the general, or, from the concrete to the abstract, means, through the scientific abstraction and the cognition of the common essence and laws regarding numerous and complicated things, the formulation of correct general policies, specific policies, and principles of transforming objective things is achieved. This is the first process of cognition. Without carrying out and completing this process, people will tend to become confused and perplexed in the face of numerous and complicated things, and they will be at a loss what to do next, being incapable of making clear their objectives and orientation. Under these circumstances, they will either remain passive without doing anything useful, or resort to rash actions; and in either case, it will not be possible to transform the world correctly. Facts have educated us that we must learn to proceed from the particular to the general, that is, to carry out scientific abstraction of complicated things. In this respect, the classical writers and the CPC Central Committee are fine models for us. As the saying goes: "When a woman gives birth to nine sons at the same time, there will be ten different characteristics." There are billions of people in this world, and each person has his or her own characteristics, and "different faces represent different hearts." But do they have common characteristics? What are the principal hallmarks that differentiate human beings from animals? For thousands of years, this question had not been made clear. With regard to innumerable philosophers, at home and abroad, both ancient and modern, either they failed to see the difference between human beings and animals, or they summed up this difference only in the sphere of ideology. As a result, when they were confronted with the enigmas of history, they either stared dumb-founded, or regarded them as the will and creation of man or God, and at best they could only put forward some fragmentary and shallow ideas. It was only Marx and Engels who, after thorough studies and scientific abstraction, pointed out the essence of things concisely, that is, the fundamental difference between human beings and animals lies in the fact that man can make and use tools and carry on labor in an environment of certain social relationship. Thus, "the key to understanding the whole history of society was found from the history of the development of labor." ("Selected Works of Marx and Engels," Vol 4, p 254)



As a result, the only scientific concept of history--historical materialism--was established. Take another case for example. After the smashing of the "gang of four," our country was beset with a lot of problems and a mountain of unsettled cases, with a multitude of things to be done and confusion of ideas to be cleared up. What should be done after all? Everyone was thinking about this question. The principal responsible comrade of the then CPC Central Committee put forward the "grasping the key link in running the country," that is, to continue to "grasp the key link of class struggle." This not only failed to grasp the central point and essence of our country at that time, but also upheld the erroneous practice of the "Great Cultural Revolution." Comrade Deng Xiaoping, taking note of reality, overcoming various kinds of obstacles, proceeding from practice, and summing up the experiences and lessons in the last 20-odd years, after the work of exposing and criticizing the "gang of four" had reached a certain stage, timely put forward the proposal of transferring the key point of the party and the state to the building of the socialist modernization. This truly grasped the central point and essence of our country, conforming to the general feeling of the party and the desire of the people. This proposal, once adopted by the 3d Plenary Session of the 11th CPC Central Committee, effected a great turning point in the history of our party, opened up a new historical stage, and guided our country onto a road of healthy development. We can often hear some comrades say that this problem is very complicated and that problem is also very complicated. True, things are always complicated. However, the Marxist theory of knowledge is aimed at guiding us to proceed from the individual to the general and from the concrete to the abstract, and to grasp the central point and essence of things, that is, to simplify and clarify complicated things. In building the socialist modernization, why is it that some of our comrades are often irresolute and indecisive, and incapable of creating a new situation? One of the reasons is that they do not know nor study the Marxist theory of knowledge, and their methods of thinking are not properly oriented. They are puzzled by complicated phenomena, and fail to proceed from the individual to the general and from the concrete to the abstract, thus seeing the "trees" without taking notice of the "forest," and being unable to grasp the central point and essence of things. Consequently, they lack strategic foresight, and are unable to produce a plan that is of decisive significance, tackling problems only when they have cropped up. Thus, even though they are busy and hard at work, the creation of a new situation has nothing to do with them.

Of course, it is not a simple and easy thing to proceed from the individual to the general and to conduct scientific abstraction of complicated things. Only through gaining practical experience, grasping abundant and pertinent material, resorting to the ability of thinking in terms of theory, and being good at reasoning, can it be accomplished. However, no matter how difficult it is, it is needed for knowing the world and transforming the world, and we must learn and grasp it.

Now we come to the second link. After conducting and completing the process of proceeding from the individual to the general, there is still the second process, that is, to proceed from the general to the individual, or, from the abstract to the concrete, which means that the knowledge already known

and the general policies, specific policies, and principles already formulated are to be returned to the individual and the particular, with investigation and studies conducted on things not yet known or not yet comprehensively known, so as to continue to deepen our understanding, and revise, perfect, and develop our general policies, specific policies, and principles so that they do not become ossified. It is more important to solve this link well. Why? It is because the objective things are numerous and varied, and not uniform without variation. The general always resides in the individual, the universality of contradiction always resides in the particularity of contradiction, and the general character always resides in the individual character. However, the general, universality, and general character can by no means reflect or include the whole of the individual, particularity, and individual character. That is, in comparison with the general, universality, and general character, the individual, particularity, and individual character are richer and more complicated. Therefore, it is wrong to think that all problems will be solved once the general laws are grasped, because this is only the ignorance of the innocent. Lenin pointed out: "With respect to any general historical thesis, if it is used in a particular situation without making special analysis of the conditions of that situation, it will turn out to be empty talk." ("Collected Works of Lenin," Vol 27, p 34) This teaching of Lenin explicitly tells us that after the general has been known, it must be returned to the individual and the particularity, so that the general can be combined with the individual and the particularity, thereby finding out the concrete ways and methods of solving various kinds of problems. Historically, dogmatists such as Wang Ming did not understand this concept, which caused great losses, not without lessons in blood, to the Chinese revolution. They did not understand, and they did not want to understand, that revolution in a country such as China, which was a large semi-colonial and semifeudal country in the east, was bound to encounter many special and complicated problems. And they just rigidly followed the general principles of Marxism-Leninism and copied the experience of the Russian Revolution, consequently dragging the Chinese revolution almost to an impasse. We should remember this lesson forever. For another example, the documents of the CPC Central Committee and the instructions of the upper levels should be executed. However, when carrying out the instructions, the party committees at all levels should combine the central documents and the instructions of the upper levels with the conditions of the local areas and their own units. Because the central authorities proceed from the general conditions of the whole country, the instructions and regulations can only comprise the general principles and cannot give consideration to everything and arrange all things perfectly. Therefore, if the opinions of the central authorities and the upper levels, even though they are correct ones, are not combined with the conditions of the local areas and units so as to make them more concrete, and things are done exactly as instructed in the capacity of a "reception office," it is absolutely impossible to do the job well. Comrade Mao Zedong criticized this practice more than 50 years ago as "the most ingenious method of opposing the instructions of one's superiors of staging a slowdown in executing the instructions." ("Collected Works of Mao Zedong on Rural Investigations," p 3) In accordance with the principle of proceeding from the general to the individual, when learning and popularizing the advanced experiences, we must analyze these experiences and should not

follow them rigidly and mechanically in disregard of specific conditions. The analysis should include: Under what conditions have these experiences been obtained? What conditions are they suited to? Which of these experiences has the nature of universality? And which of these are practical measures without the nature of universality? For example, the basic experience of implementing the contract responsibility system with payment linked to output on household basis in rural areas with the result that the practice of "eating from the same big pot" is eliminated is doubtless of universal significance, which should be actively applied in various trades and professions in cities. However, the conditions of cities are quite different from those of rural areas. Therefore, the concrete forms of the responsibility system practiced in the countryside should not be copied mechanically, and various kinds of concrete methods of casting off the system of "eating from the same big pot" should be gradually worked out so as to suit the particularities of cities. Comrade Zhao Ziyang pointed out: "There are both similarities and dissimilarities between the reforms in agriculture and those in urban industrial and commercial enterprises. The similarities are evident in that in both cases the reforms have made it possible for the production and commercial units and the working people to link their material interests closely with the fruits of their labor and with the expansion of the material production of all society and hence unleash their initiative. However, as there are different types of ownership, levels of the production forces and extent of socialization, reforms in the cities are more complex than in the countryside. Therefore, we should draw from the experience in rural reforms only what is common to both and must not mechanically apply the specific forms of operation and management suited only to agriculture to urban industrial and commercial enterprises and other undertakings." ("Report on the Work of the Government" delivered at the First Session of the Sixth NPC on 6 June 1983) Absolutism should never be practiced not only regarding the knowledge and experience of others, but also regarding one's own knowledge and experience (including the correct knowledge and successful experience), and things should never be done only by relying on one's past experience, leading to the neglect of one's responsibility of understanding fresh things and creating new things. In short, if attention is not paid to proceeding from the general to the individual, or, from the abstract to the concrete, one is liable to cast off creativity in doing one's work, violate the principle of handling things properly in accordance with specific conditions of time, place, and individual matters, and commit the mistakes of sticking to old ways and doing things in a rigid and mechanical way. The end result would be either running into a stone wall, or showing inability of solving any problems, or making a mess of things. This is the most undesirable practice of all communists and revolutionaries.

Comrade Hu Yaobang pointed out: "In order to satisfactorily combine the universal truth of Marxism with the concrete practice of the construction of the socialist modernization and to satisfactorily combine the party's principles and policies with the concrete matters in various fields, it is essential to correctly understand and handle the relationship between the general and the individual in terms of the theory of knowledge." ("The Radiance of the Great Truth of Marxism Guides Us in Our March Forward")



The two links of proceeding from the individual to the general and from the general to the individual are closely linked together and cannot be separated. Without proceeding from the individual to the general, there would not be proceeding from the general to the individual, and without proceeding from the general to the individual, proceeding from the individual to the general would prove to be meaningless because its role of guidance in knowing and transforming the world would not be realized and brought into play. The relationship between the general and the individual, or the relationship between the universality of contradictions and the particularity of contradictions, or the relationship between the common character and the individual character, is the "quintessence" of the problem concerning the contradiction of things. And ignorance of it amounts to casting away dialectics. Casting away and violating dialectics entails punishment. At any time and in doing any work, we should oppose the mistake of only emphasizing particularity and difference without paying attention to universality and common character, and we should also oppose the mistake of only emphasizing universality and common character without paying attention to particularity and difference. Only in this way, that is, closely integrating the general with the individual, the universality of contradictions with the particularity of contradictions, and the common character with the individual character, can we make our minds sober, our orientation clear and definite, our measures concrete, and our methods appropriate, so that we can overcome various kinds of difficulties and fulfill various kinds of tasks. In the process of gaining "knowledge at a higher level," correctly understanding and handling the dialectic relationship between the general and the individual is a matter of great importance which merits our constant attention.

### III

"Knowledge at a higher level" is a universal rule of the understanding of things and is also the process of knowledge experienced by everyone. However, only Marxism is able to give it a clear and definite exposition and makes it an important concept in the Marxist theory of knowledge. As for the philosophers before Marx, not only the agnostics negated and cancelled the task of acquiring "knowledge at a higher level," but also other philosophers, including many materialists and idealists, did the same. They generally regarded their knowledge as the most comprehensive and absolute truth applicable to all ages, "the perfect truth that leaves nothing to be desired." Thus, the question of acquiring "knowledge at a higher level" naturally did not exist. Even Hegel, who had made great contributions to the development of dialectics, was no exception. On the one hand, Hegel propagated and emphasized the dialectics which cast off all dogmatic things and negated the theory that man's knowledge and the result of actions possessed an ultimate nature, and on the other hand, he declared all the dogmatic content of his system of philosophy to be the absolute truth, that is, he regarded his own knowledge as the highest degree of and ultimate knowledge. Right from the start of its establishment, Marxism was against any form of dogmatism. In 1843, Marx declared: "I am against the idea that we should raise the banner of dogmatism," "but hope to discover the new world in the course of repudiating the old." ("Collected Works of Marx and Engels," Vol 1, p 416) After that, especially after Marxism defeated various

kinds of erroneous ideological trends in the worker movements and attained a dominant position, Marx and Engels time and again emphasized: "Our doctrine is not dogmatism but a guide to action." This clearly indicates that Marxism is a theoretical system which resolutely upholds attaining "knowledge at a higher level," and is a theoretical system which demands continuous development. Hence, any practice of making Marxism dogmatic or absolute is wrong.

Comrade Mao Zedong said: "Marxism-Leninism has in no way exhausted truth but ceaselessly opens up roads to the knowledge of truth in the course of practice." ("Selected Works of Mao Zedong," Vol 1, p 272) This thesis of Chairman Mao's profoundly expounds the essence and characteristics of Marxism-Leninism. The history of the development of Marxism is a history of gaining "knowledge at a higher level," and is also a process of ceaselessly "proceeding from the individual to the general, and from the general to the individual." Without "knowledge at a higher level" regarding the new historical conditions and special circumstances under the guidance of the general principle of Marxism, there would never have been Leninism or Mao Zedong Thought. The development of Marxism is closely linked to "knowledge at a higher level." The vitality of Marxism lies in its close integration with practice and with "knowledge at a higher level" which is closely associated with practice. This process of gaining "knowledge at a higher level" is endless, and Marxism will forever retain its youth.

Today, we are in a new historical period and are conducting an unprecedented great undertaking. We must realize that in a large country such as ours, which originated from a semicolonial and semifeudal society and which is backward both in economy and culture, in the course of building a modernized socialist country with a high degree of civilization and democracy, ready answers for many problems cannot be found in the books of Marxism. Therefore, we must, under the guidance of Marxism-Leninism and Mao Zedong Thought, carry out gaining "knowledge at a higher level," study new things, solve new problems, sum up new experiences, and generalize new laws. This is what has been done by the CPC Central Committee since the third plenary session. It has gone through a profound process of gaining "knowledge at a higher level," and, under the new historical conditions, upheld and developed Marxism-Leninism and Mao Zedong Thought. In his opening speech at the 12th CPC National Congress, Comrade Deng Xiaoping pointed out: "In carrying out our modernization program, we must proceed from the realities in China. Both in our revolution and construction, we should also learn from foreign countries and draw on their experience. But mechanical copying and application of foreign experience and models will get us nowhere. We have had many lessons in this respect. To integrate the universal truth of Marxism with the concrete realities of China, blaze a path of our own and build socialism with Chinese characteristics--this is the basic conclusion we have reached in summing up long, historical experience." ("Selected Works of Deng Xiaoping," pp 371-372) This is the most important achievement we have made in gaining "knowledge at a higher level" in the last few years, and this is also the most fundamental guiding ideology in our further efforts in gaining "knowledge at a higher level."

It must be pointed out that the process of our gaining "knowledge at a higher level" regarding socialism is far from coming to an end. We cannot say that we have a completely clear understanding of the laws governing our socialist construction, and there are lots of new conditions and new problems awaiting our further exploration and generalization. The task of gaining "knowledge at a higher level" is still very heavy and strenuous. However, after the "bringing order out of chaos" in our guiding ideology, we have emancipated ourselves from the serious trammels of the past long-term "leftist" mistakes. Our consciousness of gaining "knowledge at a higher level" is greatly enhanced, our ability unprecedentedly increased, and the activities in this respect increasingly enlivened. In short, gaining "knowledge at a higher level" has gradually become the conscious activity of more and more cadres and members of the masses. The broad masses of people are the main force in practice, and they are also the main force in gaining knowledge. That all of us are actively engaged in gaining "knowledge at a higher level" is the basic ideological guarantee for the continuous growth and prosperity of our cause. It is certain that with the elapse of time and the development of our cause, the might of "knowledge at a higher level" will demonstrate itself in a more explicit way.

The problem of knowledge, or the problem of correct ideology, is a matter of paramount importance, which should never be neglected. In the new historical period, to educate the cadres and masses with the Marxist theory of knowledge, to make "knowledge at a higher level" take deep root in the minds of the people, and to make more and more people learn and grasp the theory and methods of "proceeding from the individual to the general, and from the general to the individual" so as to raise their capability of understanding and transforming the world--this is an important and constant task in propagating philosophy. Therefore, we should make great efforts to shoulder this responsibility and do a good job in fulfilling this task.

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PROMOTE MODERNIZATION OF MANAGEMENT IN THE COURSE OF REFORM

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[Article by Zhou Guanwu [0719 0385 0063]]

[Text] Editor's note: Management is a science. Lenin pointed out: The basic principle of management is that "certain people hold themselves completely responsible for certain work under their charge." In the process of carrying out economic reform in our country, while correctly handling economic relations between the state and enterprises, different kinds of economic responsibility systems should be established within each and every enterprise in order to integrate responsibility, power, and interests, and abolish equalitarianism in distribution. This article has recommended the experience of Shoudu Iron and Steel Company in establishing the economic responsibility system and carrying out scientific management within the enterprise. We specially recommend this experience for your study and reference.

Shoudu Iron and Steel Company started reform on a trial basis in 1979 in order to gradually establish the economic responsibility system with emphasis on contract. In the course of reform over the past 5 years, we have readjusted the enterprise in a constructive way, and established a complete, modern scientific management system. On the basis of computerization of the process of management, computers are applied to management. The ability of leaders at various levels and professional teams in promoting modernization of enterprise management has been continuously enhanced. This has speeded up the progress of the modernization of enterprise management, so that advanced science and technology can be speedily turned into productive forces, which have unprecedentedly enhanced economic results. Profits earned in 1978 were the highest recorded in the history of the company. On such a basis, in a period of 5 years from 1979 to 1983, the average yearly increased rate of profits was 20 percent. The average yearly rate of decrease per 100 yuan profits in fixed capital was 14 percent, and the average yearly rate of decrease per 100 yuan output value in circulating capital was 9.5 percent. The yearly comprehensive enhancement of the level

of enterprise management is shown by the following figures: In 1983, profit rate of output value was 39.71 percent, an increase of 15.66 percent over 1978. Increase rate of capital use was 37.17 percent, an increase of 18.83 percent. Increase rate of sales was 40.47 percent, an increase of 11.32 percent.

In the course of reform, how does Shoudu Iron and Steel Company promote the modernization of management through the implementation of the economic responsibility system?

# 1. Reform Is Taken as the Point of Departure in the Exploration of the Path of the Modernization of Enterprise Management in Our Country

Management is indispensable to large-scale common activities of mankind. Through management, enterprises integrate the laborer with the means of labor and the subjects of labor, forming productive forces. Modern science and technology can be better made use of only through relevant modern management. Only thus, can the new development of productive forces be promoted. The modernization of management does not mean Westernizing our management and making it foreign. Socialist enterprise management should adhere to the socialist production relations, that is, the socialist public ownership system. We can absorb the useful parts of the management science of the West, but we are not allowed to mechanically apply to socialist enterprises the aims, principles, and methods of the management of Western enterprises as well as its criteria for assessing management level of enterprises. We should exert our efforts to develop our own systems and theories for modern and scientific management.

Shoudu Iron and Steel Company is an old enterprise. As early as in the 1950's it had implemented the responsibility system. In the early 1960's, on the basis of the responsibility system, it established a complete specialized management system. After the smashing of the "gang of four," enterprise management was strengthened with emphasis placed on the two fundamental aspects of enterprise management based on responsibility system and fixed production quotas. Although certain results had been achieved in the work, the backward situation in enterprise management had not yet completely changed. Judging things as a whole, a fundamental reform had not yet been carried out. Efforts were only exerted to strengthen management based on the previous economic system. Since the 3d Plenary Session of the 11th CPC Central Committee, Shoudu Iron and Steel Company has embarked on the path of reform, and implemented the economic responsibility system with contract as its key. Through the implementation of the contract system characterized by the increase in tax turned over to the state, the company has effected a breakthrough in handling economic relations between the state and enterprises. This has created conditions for an overall and systematic reform of the enterprise, so that the enterprise has an orientation, blueprint, and motive force for the realization of the modernization of management. It is precisely under such prerequisites that we have started reforming the management system of the enterprise and explored and established a scientific and modern management system with our own characteristics. On the basis of summing up the past experience, we have

established the economic responsibility system within the enterprises in the spirit of carrying on the past good practice and exploring new ways.

Enterprise management is an organic whole composed of various kinds of professional management items. Various kinds of professional management items are closely related to, interpenetrated with, and mutually conditional on each other. Not one of them can be dispensed with. Management, which has the function of organizing, coordinating, and promoting various production factors, should be all-embracing. Therefore, while promoting modernization of management, we are not allowed to "concentrate on one thing only." We are not allowed to concentrate our efforts on several special fields only, or consider things as they stand, and "handle matter in an isolated way." What we mean by the modernization of enterprise management is that we should use systematic viewpoints and adopt basic methods which accord with objective law to fully integrate modern and scientific management system with the application of the means of modern management. In accordance with this viewpoint, Shoudu Iron and Steel Company has established an enterprise economic responsibility system based on the basic methods of "assignment of fixed responsibility, guarantee, and examination." This system not only conforms with the requirements of the modernization of management, but also promotes further progress of the modernization of management.

## 2. Utilizing the Method of "Assignment of Fixed Responsibility, Guarantee, and Examination" To Organize the Entire Technical and Economic Activities of the Enterprise

The basic function of management is to organize, and its main target is people. Lenin pointed out: The basic principle of management is that "certain people hold themselves completely responsible for certain work under their charge." ("Complete Works of Lenin," Vol 36, p 554) By closely integrating a great number of specialized personnel with numerous and complicated technical and economic activities, we have devised a basic method of "assignment of fixed responsibility, guarantee, and examination."

"Assignment of fixed responsibility" and "guarantee" mean contract. In other words, fixed output quotas of the enterprise are contracted to individuals at different levels. In the meantime, the accomplishment of the tasks of coordination should be guaranteed. "Examination" means that we should strictly examine contracted tasks in the interest of the implementation of the principle of distribution according to work.

Practice has proved that to do well in the management of modern enterprises, we should set explicit standards for various kinds of work, and assign fixed responsibility to individuals at each level. A reasonable process and coordination in terms of time and space are also needed. In the meantime, we should rely on the methods of examination, award, and punishment to accomplish the task. All these factors have formed a completely organized process of management which is governed by its own objective law. The method of "assignment of fixed responsibility, guarantee, and examination" is a basic method for carrying out complicated organization work by making use of such law.



With regard to management work of an enterprise, although the tasks of different specific departments and posts are not the same, the management work should be carried out without any exception by relying on the basic method of "assignment of fixed responsibility, guarantee, and examination." Specialized management of an enterprise covers a number of items (such as planning, finance, technology, facilities and so forth) and big and small sectors (factory, mine, shop and group). These items and sectors are composed of a number of points (posts). Only by applying the method of "assignment of fixed responsibility, guarantee, and examination" to these items, sectors and points, can the specialized management be organized, a network be formed, and tasks be fulfilled. For instance, with regard to the management of equipment and facilities, that is, first of all, the task of the equipment and facility management department which fulfills the task by relying on the method of "assignment of fixed responsibility, guarantee, and examination." The main task includes all the items of management over equipment and facilities, such as working out plans for maintenance, controlling expense costs, administering fixed assets, making arrangements for machine parts or tools and so forth. The task should be assigned to the relevant factories, mines, shops and groups where the equipment and facilities are installed in accordance with the method of "assignment of fixed responsibility, guarantee, and examination." The main work which these factories, mines, shops and groups should do includes the use, maintenance, and repair of these facilities and equipment, monitoring the operation of the equipment and facilities, checking defects, analyzing drawings, archives, data and so forth. The task should eventually be assumed by the relevant individuals at the posts and specialized fields in these factories, mines, shops, and groups based on the method of "assignment of fixed responsibility, guarantee, and examination." Thus, on the basis of division of labor, the entire management work, which includes the actual use, inspection, maintenance, oiling, cleaning, repairing and monitoring of equipment and facilities, is carried out on the basis of contract. In such a way, an overall system of management over equipment and facilities is established. Networks in various special fields based on the method of "assignment of fixed responsibility, guarantee, and examination" are developed into larger networks of management. All these constitute an overall management of the enterprise.

The establishment, organization, and promotion of various kinds of work in the enterprise is carried out by adopting the basic method of "assignment of fixed responsibility, guarantee, and examination." When we intend to establish or reform a system, or start a new construction project, we should proceed from the method of "assignment of fixed responsibility, guarantee, and examination," in order to ensure the fulfillment of the tasks on time. When fulfilling certain tasks, all the individuals concerned should make use of the method of "assignment of fixed responsibility, guarantee, and examination" to ensure their success. When a new technique has been developed, we should adopt the method of "assignment of fixed responsibility, guarantee, and examination" to apply it in accordance with the requirement of this new technique and the needs of the departments in charge of planning, production, supply, design, construction, labor organization and so forth, so that scientific and technical results will be speedily turned into productive

forces. With the progress of science and technology, we should constantly promote various kinds of work in the enterprise, and make use of the method of "assignment of fixed responsibility, guarantee, and examination" in a better and more effective way. The more the enterprise is modernized, the more we should apply the method of "assignment of fixed responsibility, guarantee, and examination."

### 3. A Well-Conceived and Systematic Design Is Needed in Order To Determine the Contents of "Assignment of Fixed Responsibility" and "Guarantee"

Inside the enterprise, the relations between various departments, units, and individuals, and the general aims of the enterprise on the one hand, and the relations between various kinds of management work on the other are very complicated. This is also the case with regard to the relations of division of labor and cooperation between units and individuals. We make use of the method of the "assignment of fixed responsibility" and "guarantee" to handle these relations. To do so, we should carry out a well-conceived and systematic design in order to determine the contents of the "assignment of fixed responsibility" and "guarantee" and the way to adopt the method.

"Assignment of fixed responsibility" means that individuals concerned should hold themselves wholly responsible for the tasks assigned to them. They are not allowed to pay attention to fulfillment of quotas alone without taking the whole operation into consideration. They are not allowed to pay attention to profits at the expense of other things. The economic responsibility system undertaken by the enterprise responsible to the state should be subdivided into economic responsibility system undertaken by individual workers at their posts. The general tasks of the enterprise should be split up into specific tasks for each and every post. Through the efforts of each and every worker at his post to carry out his tasks, the attainment of the general tasks of the enterprise can be ensured.

Therefore, what we mean by "assignment of fixed responsibility" here does not merely refer to the distribution of the general tasks. Without guaranteeing a smooth operation, it is impossible to fulfill the general tasks even if they have been split up into various specific tasks. For example, if the injury rate per 1,000 workers has increased because of the lack of a complete management system for safety in production and lack of popularization of safety devices, and if we fail to assign the work of implementing the system and ensuring the full operation to individuals concerned, it is very difficult to accomplish the general tasks even if they have been split up into several specific tasks. Our economic responsibility system characterized by assigning specific tasks to individuals concerned is based not only on technical and economic tasks originating from the overall management items of the company, but also on strict observation of rules and regulations on the part of individual workers, and the accomplishment of technical and vocational work. This method of "assignment of fixed responsibility" is a unity between economic targets and vocational work, a unity between the aims and the method, process, and means for attaining the aims, and the unity between the completion of general work and the constant improvement of work.



"Guarantee" is a method which ensures coordinated relations between people in the process of exerting joint efforts to promote production, and an important aspect which coordinates productive relations within the enterprise. The method of "assignment of fixed responsibility" without a "guarantee" will give rise to the situation that each and every individual worker goes his own way. This will obstruct the balance between post and working procedure, and the links of vocational process. In so doing, the general tasks will not be accomplished even if the specific tasks assigned to individuals have been completed. Therefore, all the units and their workers should not only do their best to accomplish the tasks assigned to them, but also mutually guarantee the completion of the coordinated tasks. You should "guarantee" that I can accomplish the tasks "assigned to me," and vice versa. In so doing, the general aim of the enterprise with respect to the "assignment of fixed responsibility and guarantee" will be attained. It is obvious that this "guarantee" is very important, because it will guarantee orderly and efficient coordinated relations between the upper and lower levels, and between various sections and departments. This will enhance the efficiency and results of the production and business.

The contents of "assignment of fixed responsibility and guarantee" reflect orientation and policy, and determine where we should direct the enthusiasm and creativity of the broad masses of workers and staff members. Therefore, a well-conceived and systematic design is needed in order to determine the contents of the "assignment of fixed responsibility and guarantee" in light of the characteristics of the socialized industrial production, and under the guidance of macroeconomy in the interest of comprehensive economic results. This is itself a systematic project of the modern and scientific management.

#### 4. The Establishment of a Modern and Scientific Management System in an All-Round Way

Enterprise management relies on the supporting role of system to fulfill its functions. Once workers and staff members enter the door of a factory, they are living in the system. System is indispensable to a factory even for a single day. A manufactory with simple tools can be run by relying on traditional experience. Socialized mass production makes use of colossal machines, and carries out complicated and coordinated labor. This has demanded that people observe a series of natural laws and social economic laws. The purpose in working out rules and regulations is to enable people to follow and make use of these laws to carry out effective productive, scientific, and management activities. The deeper and better they understand and make use of these laws, the higher will be the efficiency and results of the enterprise.

The specialized economic responsibility system which we established in 1983 is a modern scientific management system based on making use of various laws governing industrial mass production. Specialized economic responsibility system covers 20 specialized fields (excluding political work departments) which are governed by coordinated relations based on 5,508 explicit vocational standards, 7,228 selected vocational processes, and 2,330 standardization items. They are neither a simple reflection of the present situation of

management, nor a duplicated description of vocational work. They play a role in reforming enterprise management in an overall and systematic way. The formulation of our specialized economic responsibility system should, first of all, be aimed at enhancing the economic results of the enterprise year after year. In the meantime, higher levels of vocational standards should be set for various kinds of management work in accordance with the requirements of "business-type" management. In the meantime, we should analyze and compare vocational work items one by one in order to select the best work process and work methods for coordination. While establishing a specialized economic responsibility system, we have designed about 10,000 processes, and each process is actually a record of utilizing objective law to carry out effective management.

The specialized economic responsibility system is established in accordance with the need of strengthening enterprise management on the basis of different specialized fields. It turns enterprise management into a coordinated and smoothly operating machine whose component parts are running in correlation. Not a single item of management in modern enterprise can operate in an isolated way. If various specialized fields fail to coordinate with each other, it is difficult for a specialized management to attain its expected results. For example, as far as the management over circulation funds is concerned, if the supply department has overstocked goods, materials, and fittings, production is not rationally organized, and if products in the sale department are unsalable, it is impossible to speed up the circulation of funds and reduce the appropriated amounts of funds even if the financial system is perfect. Only by fully bringing management over circulation funds into the specialized economic responsibility system in various departments concerned, working out complete sets of rules and regulations and fixing responsibility for various links in various departments with regard to the circulation of funds so that various specialized fields can coordinate with each other on the basis of the method of "assignment of fixed responsibility, guarantee, and examination," can circulation funds be effectively conserved.

A modern scientific management system should be able to keep abreast with, and promote scientific progress and the development of productive forces. Specialized economic responsibility system means effectively opening up a path for technical reforms. After the fulfillment of technical reforms, the results of technical reforms can be popularized and utilized by revising and improving the responsibility system, and promoting the application of the method of "assignment of fixed responsibility system, guarantee, and examination" by individuals. The implementation of specialized economic responsibility system has opened up a broad path for bringing the creativity of workers and staff members into play. Since the implementation of specialized economic responsibility system, the masses have put forth 50,958 rationalization proposals. Among them, 589 rationalization proposals have brought about marked economic results in the important administration and management of the enterprise.

An enterprise management system established in accordance with objective law should be fully implemented. Otherwise, it is nothing but a mere scrap of paper even if it is scientific and perfect. Over a long time in the past,

people always thought "it is easy to formulate a system, but difficult to implement it." This is indeed a knotty problem. Specialized economic responsibility system has specifically stipulated who will be responsible for the execution, examination, revision, and management of the rules and regulations concerned. It has also explained in detail the standards, responsibility, procedure, coordination and examination of each and every management work item based on the application of the method of the "assignment of fixed responsibility system, guarantee, and examination" adopted by individuals at various levels. This has enabled various economic targets aimed at enhancing economic results and vocational work to fully integrate vocational system with responsibility system, so that each and every system can be thoroughly implemented. To put it briefly, the specialized economic responsibility system means the integration of responsibility, power and interests, and the application of the enterprise management system based on the method of "assignment of fixed responsibility, guarantee and examination" by individuals. It has ensured the smooth progress of various vocational work, the fulfillment of various specialized economic targets and coordinated tasks and the final attainment of the general targets of the enterprise.

##### 5. The Application of Modern Management Tools on the Basis of the Management Relying on Data Information

A modern enterprise should extensively make use of advanced science and technology in order to continuously enhance its economic results. To meet this situation, modern management will naturally become more and more precise and complicated, and which is characterized by the rapid expansion of vocational work load and data amounts. At present, the whole company should process more than 100,000 kinds of data information records daily, with data amounts exceeding 30 million. The process of production is in a dynamic state, and the conditions of market, supply, and transportation are changing constantly. We should adopt countermeasures promptly in order to carry out an overall and rapid readjustment in the fields of supply, production, transportation and sale. In the past, we knew whether profit quotas of the previous month had been fulfilled on the 10th day of every month. Since the "lid of the pan is only taken off every 40 days," we could not effectively deal with the changing situation; this is something we must foresee every day. We should expeditiously collect, sort out, sum up, transmit, and synthesize the data and information in order to make necessary analysis and decision. It is obvious that the previous management method by relying on manpower is no longer applicable. Only by applying computers can we ensure an overall, meticulous, accurate and prompt enterprise management work. It is thus clear that apart from a full set of modern scientific management systems, we also need modern management means.

To apply computers, we should follow a data processing system in the course of management. In the process of adopting the method of "assignment of fixed responsibility, guarantee, and examination," the masses have unprecedentedly promoted their drive for data collection. In accordance with the demand of the new operational tasks, we have exerted our efforts to carry out an overall readjustment of the previous records, statistical report forms, and

data records. We have established a three-level data bank, and improved various kinds of testing and measuring methods. On such a basis, we make a further step in the application of computers in management. Computers were a profound mystery to cadres and workers. But now they have fully realized that if they do not know about or utilize computers, they will be cast aside. There has been a "fever" in the whole company of studying, equipping and using computers. At present, 23 computers have been installed, which are applied to 103 management items, such as profit prediction, calculation of production costs, compilation of daily sales report, and so forth. This year, we will establish a computer management center of the company, which is equipped with 5 computers and 53 terminals, in order to form a network linking up more than 20 specialized management items. This network will also be extended to another 10 or more specialized fields, such as management over contracts, management over raw and processed materials, formulation of plans, heavy and medium repairs of equipment, consultation of archives, and others. The computerized management network will be gradually spread to various departments, sections, plants, mines and production lines in order to exercise an overall computerized management over personnel, finance, material supply and sale of the whole company. In addition, automation will be realized on all the main production lines.

Modern scientific management system and modern management means are entities which supplement each other. The hardware of computers can be imported. However, as far as their software is concerned, we cannot indiscriminately import it from foreign countries, because those which are indiscriminately imported are, very often, incompatible to our needs. The 103 sets of software which Shoudu Iron and Steel Company is using are developed in accordance with the operational standards and process of the company based on the requirements of the specialized economic responsibility system. Without a specialized economic responsibility system, it is impossible to promptly apply computers to management. Without computers, it is difficult to accomplish various tasks of modern scientific management.

#### 6. Stick to the Principle of Strict Examination, Distribution According to Work, and a Clear Distinction Between Reward and Punishment

No social labor can be carried out without an internal motive force. Material interests are people's basic driving force for carrying out social activities. In a socialist enterprise, the principle of distribution according to work should be correctly followed. Comrade Deng Xiaoping pointed out: "We should allow some areas, some enterprises, and some workers and peasants, who have achieved better results because of hard work, to earn more, and live a better life." ("Selected Works of Deng Xiaoping," p 142) This was a problem which had not been solved well over the past 30 years or so. Shoudu Iron and Steel Company has effected a breakthrough in this respect as a result of implementing a contract system of turning profits over to the state, and applying the method of "assignment of fixed responsibility system, guarantee, and examination." It has correctly handled the relations of interests between the state, enterprises and individuals, and has further implemented the principle of distribution according to work.

We should, first of all, ensure a steady increase of the state revenue. This is a tie which links the interests of the state, enterprises, and individuals. The amount retained by the enterprise is determined by the creativity of workers and staff members of the enterprise. This means that the administration and management of an enterprise are closely linked with the material interests of workers and staff members. If workers and staff want to constantly improve their material and cultural life, they should work hard to realize the modernization of the management of their enterprises.

With regard to the problem of distribution, being reluctant to abandon the practice of "eating from the same big pot," and being "good old chaps" is absolutely not helpful to running a modern enterprise. We should unswervingly oppose equalitarianism and the practice of seeking good relations with all and sundry at the expense of principle. Only by relying on a sound and strict method of "assignment of fixed responsibility, guarantee, and examination" can we ensure the implementation of the principle of distribution according to work. "Examination" ensures the accomplishment of the tasks of "assignment of fixed responsibility and guarantee." It is a pivot integrating responsibility, rights, and interests. Without a strict examination, the task of assignment of fixed responsibility and guarantee cannot be successfully accomplished, and the responsibility system itself will come to nothing. Without a strict examination, there will be no solid basis for the distribution. It is therefore impossible to integrate responsibility with interests. With such "examination" we can carry out an overall examination and assessment of various tasks based on the method of assignment of fixed responsibility and guarantee at various levels and in various specialized fields. Through examination conducted regularly, once a month, or once a year, or intensive examination conducted in a certain period of time, we will be able to distinguish right from wrong, and make a clear distinction between reward and punishment. With the implementation of the examination system at various levels, cadres of various levels should regard the work of testing and assessing personnel working under them as their primary duty. Examination should be strictly carried out. Without strict examination, the system itself will not work. In the assessment of work, each and every worker and staff member of Shoudu Iron and Steel Company should follow explicit and strict rules and regulations based on the requirements of the method of "assignment of fixed responsibility, guarantee, and examination." For example, if anyone fills a wrong figure in the original record, his bonuses will be deducted. We have established a system of four 100 percents: the task of assignment of fixed responsibility and guarantee should be 100 percent accomplished; rules and regulations should be 100 percent followed; those who violate rules and regulations should be 100 percent reported to the leadership; and the deduction of monthly bonuses due to defects should be 100 percent carried out in the same month.

By firmly grasping the link of strict examination, we will be able to bring the driving force of bonuses and wages into play. Shoudu Iron and Steel Company has issued bonuses in accordance with the results of "examination." It is stipulated that "total amounts of bonuses should not be exceeded, different units have different amount of bonuses, and no maximum amount of bonuses for individuals should be set." The increase of floating wages for



workers and staff members is also based on the results of strict examination. Last year, before the company made a decision on fixing cadres' wages according to their positions and workers' wages according to their posts, it had spent 4 months on testing and assessing 10,453 cadres and more than 100,000 workers of the company in an all-round way. Their wages are fixed in accordance with the grades they suit based on the results of examination. As for those who are not up to the requirements, they are not allowed to follow the system of fixing wages according to positions or posts.

Strict examination means that we should award those who work hard and punish those who are lazy, and that we should award those who make contributions and punish those who make mistakes. Without strict discipline in an enterprise, rules and regulations mean nothing. It is impossible to ensure the smooth progress of any technical and economic activities. A modern enterprise cannot tolerate any laxness in discipline. Otherwise, we will be punished by the objective law. An important aspect of strict examination is that an enterprise should uphold its inviolable discipline. We should be firm in taking disciplinary action and properly punish those who refuse to work although they have the ability to work, those who neglect their duties and violate rules and regulations, and those who refuse to obey orders and deliberately make trouble. Only in so doing, can we promote an excellent work style in the ranks of workers and staff members, and meet the demand of the modernization of management.

#### 7. Realize the Modernization of Enterprise Management by Relying on the Masses

Workers and staff members are the masters of their own enterprises. This is an essential distinction between the management of socialist enterprises and that of capitalist enterprises. Capitalist enterprises cannot hold a candle to us in this respect. Comrade Deng Xiaoping said: "The masses are the source of our strength. The mass line and viewpoints are our precious heritage." ("Selected Works of Deng Xiaoping," p 327)

It is not the manager alone who is responsible for carrying out the task of running a socialist enterprise. The task should be carried out by all the workers and staff members. Therefore, we should have a system which ensures the implementation of the mass line. While making important strategic decisions, the company should, in general, let all workers and staff members discuss for a period of 1 month or so important items of reform, enterprise production, technical innovation, administration, management, distribution, arrangements for daily life, the plans for assignment of fixed responsibility and guarantee, the method of examination and so forth. It should also let the masses handle the distribution of houses, management over canteens, the arrangement of sports and recreational activities, and so forth.

We should never forget relying on the masses at all times. In the past, we relied on the masses to overthrow the "three big mountains." Today, we should also rely on the masses to build socialism. Without the active participation of the masses, we can accomplish nothing. The full set of methods of management of Shoudu Iron and Steel Company is a crystallization of the

wisdom and strength of more than 100,000 workers and staff members in the company. During the second half of 1981, the company established an economic responsibility system within a period of 3 months. In early 1983, the company established a specialized economic responsibility system, and applied the method of "assignment of fixed responsibility, guarantee, and examination" to individuals within a period of less than 4 months. The broad masses of workers and staff members have made analysis, pondered problems, worked out plans, and revised and continuously improved their work since the company has charted the main direction. Without the masses, all this work could not have been accomplished. By relying on the masses and bringing their enthusiasm and creativity into play, we will be able to turn the modernization of enterprise management in our country into a heroic undertaking of millions upon millions of the masses.

Enterprise management is a science. Science is developing continuously. The work which has been done by Shoudu Iron and Steel Company is only the first step in the modernization of management. With the deepening of the reform of economic system, the progress of science and technology, and the development of productive forces, we should carry out new exploration and practice. We firmly believe that reform will give full play to the superiority of the socialist system, and that the level of enterprise management science in our country will be constantly enhanced.

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## HOW HAS THE CONSTRUCTION INDUSTRY BEEN REFORMED IN SHENZHEN?

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[Article by RED FLAG reporters]

[Text] The new look of Shenzhen, which is characterized by highrises and large clusters of buildings, deeply impresses visitors. Shenzhen has been developing at an astonishing speed as it grows from an old and shabby small town surrounded by desolate beaches and mountains into a magnificent city within a few years' time. Such heartening news cannot but make people ask what actually happened. Hence we went to Shenzhen to cover this issue in March this year.

### The Pace of Shenzhen

When we had just arrived at a guesthouse in Shenzhen, we heard cracks of firecrackers and laughter from a nearby construction site. Comrades in the city pointed to a folding fan-shaped highrise building that stood before our eyes, and said: They are celebrating the topping out ceremony for Block No 8 of the Xinyuan hotel. This 15.5-story [as printed] building, which occupies an area of 14,600 square meters, was constructed, from earth-breaking stage to the topping-out stage, in a period of only 4 months and 25 days. Zhu Yuqi [2612 3768 4388], manager of No 1 Shenzhen company of the Jiangsu Province building installation company, which was contracted out the project, later said at a forum: Block No 8 of the Xinyuan hotel is a high class hotel block requiring very high quality standards in terms of civil engineering and decoration. The construction time for the project is 2 years by the national standard, but the contract for this project stipulates that the construction work should be completed within a period of 10 months. Under the prerequisite of maintaining the quality of the project, we have built an average of one story within 6 days' time, and have topped out the block 30 days ahead of schedule. Such a construction speed as Block No 8 of the Xinyuan hotel has already become very common at the present time in Shenzhen.

The international commercial building, which was constructed by the Shenzhen engineering office of the No 1 metallurgical and construction company of the Ministry of Metallurgy, consists of two blocks of 20-story office buildings and occupies an area of over 50,000 square meters. The construction contract



for the project stipulated that the building should have construction completed within a period of 18 months. In actuality, however, the time spent was just 15 months and 10 days. Moreover, the project was praised as a fine one in every aspect. The first phase of the friendship building project, which was built by the Guangdong Province No 4 construction company, consists of 4 blocks, totals 91 stories, and occupies a building area of 26,600 square meters. Its construction periods were more than 3 months ahead of the respective schedules stipulated in the contract, which stated that they should be 15 months and 18 months, respectively. By the national standard, in general the construction of a 5,000-ton cold storage requires 3 years' time. But the Huaxi enterprise company from Sichuan has built one in Shenzhen within 11 months' time, from commencement of the work to its completion. When the No 1 company of the No 2 bureau of the China construction company constructed the Cuizhu garden, it spent 3.5 days to build each floor on the average, from the 10th to the 22d floor. The international trade center, which was constructed by the No 1 company of the No 3 bureau of the China construction company, is the tallest building in China at present. The building is 160 meters high and occupies a total area of some 100,000 square meters. While there are 3 underground levels, the building stands 50 stories above the ground. When constructing the building, the company adopted a modern method of sliding up the integral frame work [zheng ti hua sheng 2419 7555 3323 0581]. Thus, it quickly completed the construction work of the principal part of the project with high quality within a period of 18 months. It once successively built 10 floors with high quality within 30 days' time and broke the record for building a floor within 3 days' time.... At present, not only the large construction teams in Shenzhen can build a floor within 5 or 6 days' time, but also some small teams are able to do so. In a residential construction project, which occupies a total building area of 25,000 square meters and which consists of 6 blocks 11-story quarters, the 5 construction companies at county level, such as Kaiping and Jieyang in Guangdong Province, only spent some 90 days to complete the work, from construction of the foundation to inspection of the completed work. Is the construction speed of companies that are rather large in scale and have advanced equipment also very quick? Yes, it is. For example, the construction period of some projects such as the Pepsi-Cola drink factory, the Kangle electronics factory, and the Shenhua cement factory varies from 4 to 6 months.

It is because of such efficiency and speed that the face of Shenzhen has undergone a very great change within a few years' time. The pace of capital construction, which focuses on basic facilities, is rather rapid. Such facilities as transportation, water supply, power supply, and drainage works have already taken shape. The 24 square kilometer modern, new urban area in Luohu District and Shangbu District is being formed. From 1980 to 1983, Shenzhen utilized a capital construction investment amount of 1.96 billion yuan, and completed a construction area of 3.413 million square meters. In 1983, Shenzhen started 437 construction projects and engaged in construction of a 3.47 million square meter area. It completed an area of 1.46 million square meters, and utilized an investment amount of 880 million yuan, an increase of 40 percent compared to 1982. In 1984, it plans construction on an area of over 2 million square meters. Whenever people delightedly talk about the construction industry in Shenzhen, they always gasp with admiration at the quick pace of its progress.

Why can Shenzhen proceed with such a quick pace, fulfill within a short time, maintain such good quality, and offer such reasonable prices in its capital construction projects? Comrade Liangxiang, secretary of Shenzhen City CPC Committee and mayor, told us that the key to the issue rests with the implementation of structural reform.

Premier Zhao Ziyang recently pointed out in his "Government Work Report" at the second meeting of the Sixth NPC: "The reform of the construction industry must be carried out by concentrating on the goal of shortening the time, reducing the price, and improving the quality and investment results of construction. The key for the issue is that we must implement the investment contract system and the bid contract system." Shenzhen has made a step ahead in reforming the administrative system of urban construction and the construction industry. It is a successful one that we can learn from and use.

#### Unified Planning; Raise Funds for Unified Construction

People in many cities always see that roads which are dug today will be filled tomorrow. Later they will be dug and filled again. Urban construction is a mess, and new projects begin before the old ones are finished. How can such a phenomenon happen? This is because the administrative system of urban capital construction is irrational, regions and departments are separated, and investments are clumsily handled by various departments.

But this is not the case in Shenzhen. Through the use of its favorable conditions of being a special zone, and by paying attention to the advantages of socialism, which can help to achieve unified planning, Shenzhen strives to gradually build itself as a modern city with a beautiful environment, rational planning, an advanced structure, good facilities, and modern and varied buildings. For this reason the Shenzhen City CPC Committee and the government have, ever since the establishment of the special zone, firmly grasped the overall planning of urban construction. On the basis of summing the opinions of Chinese and foreign experts as well as those of the cadres and masses, they have worked out the "Outline for the Social and Economic Development Plan of the Shenzhen Special Economic Zone." The main characteristic of this plan is that it closely integrates urban construction planning with the social and economic development plans. The outline puts forward the respective orientation and goals of development for such areas as industry, agriculture, transportation, tourism, foreign trade, storage, residential development, municipal public works, environmental protection, and the building of spiritual civilization. The outline also makes appropriate arrangements for the steps and measures for implementation, population size, land utilization, and the function of each area.

In order to ensure that urban capital construction will be carried out in a planned way and will adhere to the overall plan, Shenzhen city has reformed the administrative system of urban construction. First, the city has put together the funds for development and carried out in a unified way the basic projects of "qi ping yi tong" (to bring in a power and water supply, as well as roads, communications, gas, waste and flood water drainage, and

site leveling). The city has emphasized infrastructure projects before working on the superstructure, so that a sound environment for investment has been created. In connection with the former system, infrastructure projects were the responsibility of various departments, such as those in charge of municipal administration, power and water supply, and telecommunications. Since the funds were distributed among these departments, we could not utilize them in a unified way. Since we lacked a unified leadership, these departments concerned always bungled matters and engaged in duplicated projects because of difference in opinions and actions. Not only did this waste manpower and material resources, but it also affected the utilization and the achievement of results of the capital construction projects, as they could not act simultaneously or form a complete system. In order to solve this problem, the Shenzhen city government has specially set up a working team for basic projects, which combines and utilizes in a unified way the development funds of various departments. During the construction of the basic projects, the working team acts as a "grandmother" and administers down to the grassroots level. It practices unified instructions, unified planning, unified designing, and simultaneous construction. The working team is responsible for making arrangements for the whole process of projects, from demolishing and taking over for use to surveying, designing, and construction, in addition to organizing various departments to coordinate and make concerted efforts. Therefore, Shenzhen manages to accomplish the projects through a complete system by carrying out the construction work once, so that it can lay various pipes, install road lamps, and plant trees and grass wherever road maintenance work is in progress.

In addition to basic projects, since 1982 Shenzhen city has also implemented the practice of raising funds for unified construction in building the industrial zone, residential zone, storage zone, and office buildings. This means that Shenzhen has put together the funds for construction and practiced "five unifications" (unified planning, unified reentering of land, unified designing, unified construction arrangement, and unified management). This method has helped us to practice diversified development, centralized and large-scale construction, and to achieve great results. Since the basic facilities of "qi ping yi tong," and public facilities such as shops, schools, and cinemas, have already formed a complete system, the investors can quickly begin production after they have purchased a standard factory. At present Shenzhen has set up three companies for special development, such as for real estate, industries, and basic projects, for organizing and implementing the working procedure of capital construction. They are also the ones that implement the "five unifications" in the capital construction projects and that administer both parties in a comprehensive way. These special development companies are solely responsible for the construction work, from submitting applications to the higher level for approval for the utilization of land, reentry of land, assigning companies for surveying and designing, and "qi ping yi tong," to purchasing building materials, selecting construction teams, and organizing the construction work. Each procedure of capital construction is closely linked, and the completed project will be handed over to the investors for utilization and management only after it is approved following examination. By acting in such a way, we can avoid the practice of passing the buck among the departments concerned and between

both parties, and can avoid the procedure of capital construction on projects which are divorced from each other. Therefore, the pace of construction quickens greatly and the construction time is shortened. For example, the construction of a warehouse zone, which was undertaken by the Shenzhen municipal trust and investment company, was delayed time and again since September 1982 because of the practice of shirking responsibility. It was not until May 1983 that the working team for basic projects made contracts for the work. After more than 10 days of work, the team fulfilled the contracted work, including examination of the design, submission of construction plans for approval, invitation of bids, confirmation of construction teams, and signing construction contracts. Thus the speed of construction was greatly quickened.

#### Invite Bids for the Projects; Appraise the Quality of Design

When carrying out capital construction in the past, we always adopted the method of assigning tasks through administrative means, in which the responsible departments allocated the investment funds to the construction units so that the units would provide the necessary funds and building materials for enterprises in charge of the construction work, which only provided labor. As the construction units did not have the decisionmaking power of selecting the units in charge of the construction work, nor did the latter enterprises have the decisionmaking power of making contracts for construction projects, there was a lack of necessary conditions for engaging in the undertaking independently. Hence there was little direct relation between the construction time and the results and the profits of enterprises in charge of the construction work. Such a system of "eating from the same big pot" hampered the initiative of the enterprises and workers. It is also an important reason for a long contract time, large-scale waste, and few results. For this reason, the Shenzhen Special Economic Zone has broken through one barrier after another ever since 1981 and has carried out reform. It has replaced the former practice with the system of inviting bids to make contracts. That is, it openly invites units that are responsible for designing and carrying out the actual construction work, no matter where and from which department they come, to bid for the construction projects after examination. The projects will be contracted out to the bidders who offer a short construction time, lower price, and rational plans for organizing the construction work, and who have a good reputation.

The first project carried out by inviting bids in Shenzhen is the international commercial building. When Shenzhen began the project in 1981, it still stuck to the old method of arranging work through administrative means. It assigned the task to a construction company that offered to complete the construction work in 2 years' time at a price of 580 yuan per square meter. But the investor held that the terms were unacceptable, as the construction time was too long and the price was too high. So the Shenzhen City CPC Committee and government decided to carry out reform. They decided to invite bids on this all-round contract, which mainly focused on construction time, construction price, and building materials for the project. The project was finally contracted out to the Shenzhen engineering office of the No 1 metallurgical and construction company,

which offered to complete it in 1.5 years' time at a price of 398 yuan per square meter. The practice of inviting bids at that time faced very great difficulties. This is because such a practice means ending the situation of monopoly, and discarding the practice of "eating from the same big pot." Also, some comrades felt doubtful about this. They held that to assign work through the invitation of bids was a capitalist method and did not conform to our planned economy, so we must not follow it. But the principal leaders of Shenzhen city are unswerving on the resolution of reform. By a strong argument on just grounds, they persuaded the comrades who were doubtful about or even opposed to the practice of inviting bids, so that the reform was successfully carried out in experimental units. Moreover, Shenzhen city has begun upholding the practice as a system since July 1982, and has popularized it in capital construction projects.

To make contracts through the invitation of bids is a business management system, and has no inexorable relations with capitalism. As capitalism can use it, we can also use it and can even do so in a better way. This is because we invite bids in an organized way and with leadership. Those that offer bids for projects are state or collective units that are responsible for designing and carrying out the actual construction work. It is guaranteed by the party leadership and effective ideological and political work, and is backed by a sense of being the masters of their own affairs and the socialist consciousness of the staff. Therefore, when implementing the practice of inviting bids, we can avoid such phenomena as trying to cheat or outwit others, practicing fraud, putting profits first, and disregarding quality. Judging from the practice of Shenzhen in recent years, the implementation of the system of making contracts for responsibilities has many advantages. First, both the party that invites bids (a unit that contracts out projects) and the bidders (units that are contracted out the projects) have freedom of choice. There is comparison and competition among a number of bidders. Thus, this has put an end to the situation of being like a cesspool, in which a project is merely designated for a unit to undertake. This has also brought vitality and vigor to the construction industry. As each construction enterprise must compare with each other the construction time, price, reputation, and plan of construction organization in each bid, these enterprises cannot but calculate carefully and adopt strict budgeting before bidding. They must calculate carefully the time and money needed for each working procedure. Thus, this can ensure that the project is carried out by the best unit with the best plan right from the start. Second, in the practice of inviting bids, the enterprises in charge of the construction work bid for a package of fixed terms for a project, which include the construction time, price, and building materials. Nobody will subsidize an enterprise if its construction cost exceeds the price bid, while it may retain the surplus if it can reduce the cost of construction. Bonuses will be given to an enterprise if it completes the construction work ahead of schedule, while it will be punished if the work drags on. In case the construction work is poorly done, the responsible unit must be punished or must do the work over again, while the materials and the cost of redoing the work are the responsibility of that unit. This puts an end to the situation of "eating from the same big pot," having unclearly defined responsibility, and having a vague system of reward and punishment. Instead,



this establishes direct links between the quality of work, the price, and the construction time and the interests of the enterprise that is in charge of the construction work. Therefore the practice can put an end to the phenomenon in which, in the course of construction, the final accounts exceed the budget, the budget exceeds the budgetary estimates, and the budgetary estimates exceed the investment amount as a result of spending too freely. It can also bring about the effect of spending the investment sum economically, shortening the construction time, and safeguarding the quality of work. After adopting the practice of contracting out the medium and small projects through bidding, Shenzhen has reduced the total cost by about 8 percent in general, or even up to 15 percent in the large projects, and can shorten the construction time by about 20 percent, or even 50 percent in some projects. The time needed for building a 6-story building has been shortened from 180 days to 110 days, while the time for building an 8-story building has been shortened from 240 to 125 days. Third, in the practice of inviting bids, the enterprises in charge of the construction work change from the production style of purely providing labor services to the style of engaging in both production and business. In the past these enterprises were "as optimistic as the marriage of the king's daughter" when contracting the projects. But now they must strive to improve their quality and their reputation in order to stand firm amidst competition. Therefore the tasks of constantly improving the technical equipment, developing new techniques, improving business management, and the organization of labor, and improving the operation style have become the most urgent ones. Whenever they take part in bidding and carrying out projects, they compare their standards with the social demands and the advanced level of society in this respect. Hence they can see the difference between the two levels and can realize the trend of development of the trade as a whole. This thus gives impetus to each construction enterprise, as well as the trade as a whole, in order to make continuous progress. Fourth, the practice of bidding and inviting bids eliminates the practice of passing the buck and simplifies the cumbersome formal procedure. Once construction is completed, the building will be accepted after examination and nothing will be left behind.

In order to do well in the practice of bidding and inviting bids, we must do a series of work. Shenzhen city has grasped the following tasks in this respect: First, the city has worked out regulations for bidding and inviting bids, and strictly carries out the procedures. Second, the city thoroughly examines the qualifications of units that take part in bidding (checking the construction records, technological force, and equipment of these units). Third, the city demands that the construction units must make the best minimum offer in connection with the working plans and the quota. They must pay attention to both making an economical investment and ensuring that the unit that is contracted out the project will gain a certain amount of legitimate profit after completing the project. Fourth, the city strengthens supervision on quality, and, for this reason, establishes a center for supervising and examining the quality of projects. The center is particularly responsible for checking the quality of projects by sending staff to the construction sites to help the construction enterprises to promptly discover problems there so that they can help the enterprises to reinforce or redo the work whenever possible, and thus prevent some units in charge

of the construction work from lowering the quality of projects. Fifth, the city strengthens the examination on the budgets of projects, and, for this reason, establishes a center for examining contracts, which is responsible for approving and checking the budgets of projects in order to make the investment economical.

While implementing the tendered contract system in the construction work, Shenzhen also carries out bidding for and appraisals of the designs of some important projects, through which the city selects the plans that can yield high economic results, have rational distribution, and are artistically designed. It also chooses from among these plans one that possesses advantages in other areas and that is designed as comprehensively as possible. For example, the design plan of the Shenzhen news center was selected from 3 outstanding ones among the 9 selected plans. In order to encourage bidding for designing, they give a certain amount of charges in proportion to the projects to other units that will also take part in the design work to cover the production cost, in addition to paying design charges to the design unit that is contracted out the project. It is also a kind of reform by practicing bidding for and appraisals of design work. This can both improve the quality design and shorten the time spent designing.

#### The Construction Industry Internally Implements Various Forms of the Contracted Responsibilities System

Following implementation of the bid contract system, the enterprises in charge of construction have reached a breakthrough point in distribution, or in the problem of "eating from the same big pot." However, the situation in which the enterprises' workers are "eating from the same big pot" of enterprises remains unchanged. In order to conform to the new situation following the implementation of big contract system and to mobilize the initiative of the workers, the construction enterprises must implement various forms of systems of contracted responsibilities in addition to seriously doing well in ideological and political work. Various construction units in Shenzhen have also gained much experience in this respect.

In 1983, the No 1 Shenzhen company of the Jiangsu Province building installation company, which were mentioned at the beginning of this article, completed construction work totaling 20.24 million yuan, over a 53,578 square meter area. Its production rate of the entire staff reached 16,895 yuan, its rate of reducing cost was 9.5 percent, and the rate of completing high quality work was 89.15 percent. Of all the construction work, the rate of fine quality work at the Huxin garden building, Zhongjiang service building, and Bi Hai building in Shatoujiao reaches as high as 100 percent. The Huxin garden building is even praised as a sample of highrise building projects in Shenzhen. The reason why this company can achieve such a good result is that it has implemented various forms of the system of contracted economic responsibilities, and has conscientiously implemented the principle of paying one according to his work. In connection with the requirements of each construction project, they divide each project into four stages and adopt four different forms of special contracts, or comprehensive contracts, at each stage. The first stage is the work of digging the site and boring

holes for driving piles, which is contracted out to teams and groups at a piecework rate. The second stage is the work of constructing the foundation and the nonstandard level, in which three types of work, that is, the woodwork, reinforcing the bar framework, and the concrete work, are specially contracted out in a systematic way. The third stage is the work of constructing the standard level, which is contracted out in a comprehensive way in accordance with the block number. The fourth stage is the decoration work, which is specially contracted out, from floor to ceiling, to a particular person or a particular unit. On distributing, they uphold the principle of paying one according to his work and of getting more when one works more. Under the prerequisite of ensuring the state revenue and the retailed profit of enterprises, they have introduced economic contract accounting when contracting projects out to teams and groups, in connection with the terms of reward and punishment that supervise the contracted construction time, quality, safety measures, and consumption of raw materials. On the income of individual workers, the contracted teams and groups adopt the method of recording percentage work points on daily basis, when distributing the part fulfilled in excess of a production target, in accordance with the tasks, safety measures undertaken, and the work attitude taken by each worker every day. The work points recorded will be settled on a monthly basis. Moreover, this is in addition to the basic wages and basic subsidies of workers. The second and third frontline workers will also receive floating wages in connection with the part fulfilled in excess of the production target, which is respectively 90 percent and 80 percent of the average wages of first frontline workers.

After implementing the practice of contracting out all-round contracts to external units, the Guangdong Province No 4 construction company has also implemented an internal economic responsibility system that focuses on "five contracts and one bonus." That is, first, to make contracts for the content of projects; second, to make contracts for the labor of projects, including the payment of wages in connection with the work contracted; third, to make contracts for the construction time, in which the amount of bonuses is stipulated when giving them to construction teams that build three floors, three and a half floors, four floors, or four and a half floors per month; fourth, to make contracts for safety and quality, in which bonuses will be given when the project is completed in good quality, otherwise the responsible unit must redo the work without further payment, and, in case of accident, no safety bonuses will be given, but the responsible personnel must be held accountable; fifth, to make contracts for the consumption of raw materials, in which bonuses will be given for consuming less raw material than the fixed quota in the construction work, otherwise the responsible unit will be punished. The "five contracts and one bonus" economic responsibility system reflects the principle of getting more when one works more. It has mobilized the initiative of workers and greatly improved their efficiency. When the company was contracted out the projects of constructing blocks No 1 and No 4 of the friendship building, it only had a 79-man working team which finished each day the projects that usually need over 180 workers to accomplish.



Some comrades are worried that after the construction enterprises have contracted out projects to external units and made internal contracts level upon level, will it be a case where the responsible personnel avoid work and skim on material, or are only concerned with the progress while neglecting the quality? Judging from the experience of Shenzhen, such kinds of problems can be avoided. This is because the demand of good quality itself is an important content of contracts. In addition to setting up a quality supervision and examination center in the city, which is responsible for the supervision and examination of project quality, the enterprises in charge of construction also attach great importance to quality for the sake of fulfilling the contracts and for safeguarding their reputation. It is just a slogan of guiding ideology for the operation of the No 1 Shenzhen company of the Jiangsu Province building installation company that it "strives for reputation with quality, strives for survival with quality, and strives for development with quality." Moreover, the company has adopted a series of measures to ensure quality. For example, it first focused on the technical core to set examples to others in each working procedure of the projects. Then it popularized the examples and strictly assessed the results of others by the quality standards of the examples. At the same time, the company linked the income of individual workers to the quality of projects and implemented the system of self-inspection, mutual inspection, team inspection, and special inspection by a quality inspection department. It also implemented the duty responsibility system, in which the units of work were contracted out to teams and groups, from top to bottom levels, and the teams and groups held accountable the responsible individual in case of trouble. It did not accept any work that was of poor quality and instead supervised the procedure of redoing the work until it reached the required standard. Otherwise it did not carry out the next working procedure.

The popularization of the bid contract system has given impetus to an interior reform in construction industry. Each enterprise in charge of construction work has adopted different kinds of a contracted responsibility system level upon level, and has solved the problem of "eating from the same big pot." This has thus mobilized the initiative of the workers, which thus makes the enterprises able to ensure quality, to speed up the pace of construction, to reduce costs, and to constantly improve productivity.

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## INVESTIGATION INTO FIVE SPECIALIZED VILLAGES

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[Article by Chen Fudong [7115 1115 2639]]

[Text] The emergence of specialized villages in Fuyang region since 1980 represents a new trend in the development of commodity production in rural areas in China. The term specialized village means that more than half of the households (or labor force) in a natural or administrative village are engaged in the same specialized production (excluding single-item cropping) and more than half of the income comes from this production. Specialized villages include specialized breeding villages, specialized processing villages and specialized transportation villages. I have recently carried out investigation in certain villages in this region and the following is the situation of five typical specialized villages.

The first one is Pitiao village of Sunzhai Country in Taihe County. It was previously a poor village. In 1980, three peasant households began to make nylon ropes, using polyethylene film as material, and these households have since become specialized households. In a matter of 3 years, a total of 220 households have taken part in rope making and they make up 90 percent of the total households in the village. Gross industrial output value of this village in 1983 totaled 6.21 million yuan and net income was 552,000 yuan, 250 percent higher than the income from agriculture. The average per capita income was 560 yuan, 500 percent higher than the figure for 1980.

The second one is Zhangzhai village of Chundian Country, Lixing County. In 1980, six peasant households purchased a bankrupt sieve net factory (with four weaving machines) from their production brigade to form the first united body for processing sieve nets in the village. In a matter of 1 year, a total of 14 households joined the united body. Many more households followed. The number of weaving machines increased from 90 in 1982 to 131 in 1983. Now 380 out of the total of 475 households in the village take part in making sieve nets and the number of households in the united body has increased to 89. Industrial output value in 1983 was 2 million yuan, the tax delivered to the state was 60,000 yuan while net profit totaled 650,000 yuan, with industrial income 100 percent higher than agricultural income. Average per capita income throughout the village in 1983 was 658 yuan. A total of 23 households have recorded 10,000 yuan income each.

The third one is Yangyuan village of Yongxing Country, Lixing County. Of the total of 371 households in this village, 286 specialize in processing timber and they represented 78 percent of the total households. Of the 286 households, 165 have united to form 13 united teams and 1 timber processing factory. The whole village has 17 electric chainsaws. Industrial output value in 1983 was 1.03 million yuan, net profit was 270,000 yuan and average income for specialized households was 1,185 yuan.

The fourth one is Chenxianqiao village of Chuchun area in Mengcheng County. This village was growing red taros but peasants later found it difficult to sell the product. Now 135 out of the total of 155 households are processing taros into dark reddish brown food color. Processing 6 to 7 million jin of taros, the village made 290,000 yuan profit from the processing of the crop in 1983. This profit represented an average per capita income of 486 yuan, which is 75 percent of the average total income across the village.

The fifth one is Chenxi village of Weizhou Country in Lingquan County. Of the 26 households in this village, 14 have become distant peddlers and they have 7 vehicles, tractors and motor-powered tricycles. Operating revenue in 1983 was 110,000 yuan, with an average per capita income of 1,530 yuan, 80 percent of the total average per capita income.

Certain patterns can be seen from the situation of these five villages.

# I

The formation and development of specialized villages have their own internal social and economic reasons:

First, following the introduction of the production responsibility system, the areas with many peasants and limited cultivated land have surplus laborers. Consequently these surplus laborers cannot but try to find other jobs. The above-mentioned 5 specialized villages have a total of 9,000 mu of cultivated land, with an average of 1.3 mu per capita. Prior to the introduction of the production responsibility system, all the 3,100 laborers in these villages were basically carrying out agricultural production and as time passed by they found that it was difficult to improve their living standard by merely relying on agricultural production. Following the introduction of the production responsibility system, more than 2,000 laborers have turned to nonagricultural production. The united body of Zhangzhai village that is composed of 18 peasant households has 41 laborers. The 105 mu of the cultivated land that is contracted under the responsibility of this village is managed by only 11 laborers while the rest are responsible for the production of sieve nets. This processing industry allocates 10,000 yuan of capital to support agricultural production each year. On the other hand, the agriculture in this village is providing commercial grain to those engaged in the industry (900 jin of grain per capita annually and of this figure, 600 jin is flour and rice). That is to say, peasants in this village do not rely on the state but on their own effort in providing commercial grain to those taking part in industrial production. As the village has shifted from agricultural production to nonagricultural

production, the problem of surplus labor has consequently been resolved. These villages have even some times found that they do not have enough laborers.

Second, specialized villages in general have their own traditional processing technology and a great number of artisans in rural areas have demanded to be given a chance to display their advantages in various sectors. Peasants in Pitiao village have a good tradition in making ropes. This village was previously famous for its jute ropes during the 1950's, with volume processed coming to more than 10,000 jin daily. But this industry was abandoned during the period when the "communist wind" prevailed. This industry was later restored in the 1970's and in order to solve the shortage of raw material, peasants began to grow jute on their own private plots. But at the time when peasants had just made improvements in this production, rope making was regarded as "the tail of capitalism" and was consequently eliminated again. This even is still fresh in the minds of the broad masses of peasants even today. In 1980, several households that are good at processing ropes began to produce nylon ropes. Nylon ropes made from polyethylene film are stronger and more durable than jute ropes. Therefore with high demand, the production of nylon ropes has developed rapidly. The production of sieve nets in Zhangzhai village has also developed on the basis of handicraft. Yangyuan village has a long-standing history in timber processing and in this village there is Likeming hamlet which was famous for its carving in the latter period of the Qing Dynasty. In short, these villages have many artisans. In the past period, they did not have a chance to display their ability; but now under the encouragement of the related CPC policies, they have displayed their skills in various sectors. The formation of specialized villages is in fact inseparable from the lead taken by these artisans. Li Changyun, leader of Lizhuang, Yangyuan village, set up a considerable size wooden furniture factor, with 12 apprentices under his leadership. People like Li Changyun can be found in various villages and particularly specialized villages.

Third, specialized villages have been formed on the basis of specialized households that have gradually developed and expanded. In 1980, there were only six specialized households in Zhangzhai village that were engaged in processing sieve nets. The number of such households increased to 60 in 1981, 210 in 1982, and 380 in 1983 and this development has consequently been followed by the formation of a specialized village. In this aspect, the formation of Pitiao village is typical. In 1980, there were only 3 specialized households in this village, but such households increased to 150 in 1981, 177 in 1982, and 220 in 1983. In addition, dozens of artisans from this village have passed on their skills to other villages. With Pitiao village as the center, there are now more than 2,000 specialized households in the 4 countries around the village that are engaged in nylon rope making. With this development, it is only natural that specialized villages will develop into specialized townships and specialized regions.

Fourth, the development of urban industry and improvement in people's living standards have provided the necessary conditions for the development of specialized villages as well as opened up markets. The development of the

sieve net making industry in Zhangzhai village is directly related to the massive construction of petrochemical bases in China in the past few years. The timber processing industry in Yangyuan village is mainly based on the needs of the two coal bases in the southern and northern parts of the Huai He. The development of Pitiao village is greatly related to the development of the plastics industry. The production of the dark reddish brown food color by Chenxianqiao village is based on two conditions. One condition is that the village itself abounds in red taros and the second condition is that the development of the foodstuff industry in various places has provided a wide market.

## II

Specialized villages are superior to scattered and isolated specialized households because:

First, most of the peasant households in specialized villages are specialized households. In addition, the peasant households with certain difficulties in economic conditions such as shortages of capital and technology can easily get support from the surrounding specialized households and with the latter taking the lead, it is easier for the whole village to become rich. The above-mentioned 5 specialized villages have a total of 1,270 peasant households. Specialized households in these villages make up 80 percent of the total households. The average per capita income of specialized households is 750 yuan and the figure for the specialized households with highest income is 2,500 yuan. The average per capita income of the nonspecialized households that make up 20 percent of the total is 303 yuan and the figure for such households with lowest income is 280 yuan. But the situation was quite contrary prior to the formation of specialized villages. In 1981, the specialized households in these 5 villages only made up one-fourth of the total peasant households. The average per capita income of specialized households at that time was more than 600 yuan, the figure for the nonspecialized households that made up three-fourths of the total households was only 110 yuan and the figure for difficult households was only dozens of yuan. Such low incomes of difficult households no longer exist in specialized villages.

Second, specialized households in a specialized village are carrying out the same production process. In this way, they are in a position to support each other and make up for each other's deficiencies. This situation is in the interest of popularizing and applying science and technology, raising product quality and improving product competitiveness. Zhangzhai village was only producing one specification of sieve net in the past. But when this village developed into a specialized village, specialized households in this village joined forces and invited specialized staff with higher technical know-how from other places to guide their production. As a result, the technological level of this village has been improved and consequently it is now producing sieve nets with a dozen specifications to meet the needs of various trades such as the petrochemical industry, flour processing industry, pharmaceutical industry, and foodstuff industry. In the past, the nets produced by this village had no position in the four

markets for big-bottom baskets across the country but now they have made an initial appearance in these markets. While this village only purchased old machines from textile mills in the past, it has now directly purchased the latest weaving machines to replace the old ones so as to combine traditional technology with modern technology.

Third, specialized villages carry out their production on a mass scale in the interest of promoting economic combination, integrating agriculture and industry with commerce, and developing the production of local commodities. Of the 1,035 specialized households in these 5 specialized villages, more than 600 have joined economic combination bodies that now total more than 150. The economic combination bodies have been set up in many forms, including the combination of capital, labor force, the combination of industry and the combination of agriculture. There are now 89 combination bodies in Zhangzhai village. The largest body consists of 18 households. They separate industrial production from agricultural production and manage production in the way of an enterprise, thus breaking away from the old tradition of family-type undertaking. The new combination bodies have high prestige among the broad masses of people. Before new specialized households are absorbed into the combination bodies of Zhangzhai and Yangyuan villages, they have to be collectively discussed by the member households of the bodies and the newcomers must also have a certain cultural level. The difference between these new bodies and people's commune production team enterprises is that the new bodies are formed on a voluntary basis and according to the need for division of work and coordination in production. As these bodies are based on specialization, their formation is conducive to the concentration of capital, increase of accumulation, and expansion of production. The development of industry has correspondingly promoted the development of intensive agricultural undertaking. The more than 9,000 mu of the cultivated land of the 5 specialized villages are concentrated in the hands of 1,000 laborers who have experience in farming. As the investment in the cultivated land under the management of these laborers is 100 to 200 percent higher than in the land under the management of ordinary households, the per unit output of the former is much higher than the latter. Wheat output per unit in Zhangzhai village is over 700 jin, the figure for Pitiao and Yangyuan village is 650 jin and the figure for Chenxi village which is the lowest is in excess of 500 jin. The agricultural labor productivity of these 5 villages is more than 100 percent higher than the average of the region.

Fourth, the production of specialized villages is regional and relatively concentrated. And this situation is favorable for the development of the specialization in supply and sale to activate rural economy. The specialized production of nylon ropes in Pitiao village has broken through the boundaries of country, region, and county. And with annual processing volume of about 32 million jin, there have naturally emerged the problems of purchasing material and selling the products. Now this village has purchased materials from faraway cities such as Zhengzhou, Wuhan, and Dangtu. How to organize the source of material? How to transport them? And how to facilitate purchases for processing households? To solve these problems, a supply and marketing united company has been formed in Chenzhuang hamlet by a specialized



household in Chenzhuang hamlet and a specialized household in Caimiao hamlet to be specially responsible for supplying the raw materials for nylon ropes and selling the products. In the 3 months after it was formed last October this company purchased 164 tons of raw materials and sold 71 tons of products. It not only saved enormous amounts of manpower, material, and capital, but also made 6,000 yuan profit, with 11,000 yuan of tax delivered to the state. In its effort to support the specialized households which are short of capital, the company has sold raw materials to them on credit and the materials sold in this way totaled 110,000 yuan. In addition to the formation of a united company, a number of households specializing in selling have also made progress following the development of specialized villages. Investigation showed that in Pitiao village alone, a total of more than 500 households are specialized in selling nylon ropes in nearby and distant places. These households are reported to have sold 80 percent of the total nylon ropes made in Pitiao village. It is none other than these individual and united suppliers and sellers that have smoothed out the circulation in rural areas, activated rural economy and promoted the development of specialized villages.

Fifth, the development of the commodity production of specialized villages can easily give rise to product distribution centers to promote construction in small towns. Two nylon rope markets have been set up near Pitiao village, with daily transaction volume of tens of thousands of jin. These markets have attracted a number of purchasing personnel from four provinces. A number of service facilities such as restaurants and cigarette and wine shops have also been set up. All this development in fact has resulted in the formation of a new town. This change means that an increasing number of peasants will take part in nonagricultural production in ever wider spheres in their own villages and the rural economy will embark on the road that is characterized by the comprehensive development of agriculture, industry, commerce, services, transportation, and sales.

### III

The following problems are yet to be resolved in developing specialized villages:

1. Transfer of contracted land. Although the specialized production of specialized villages is developing rapidly, the specialized households are reluctant to part with the contracted land they are responsible for and it is common that they dare not contract the land to others. Peasants have neither fixed wages nor labor welfare and public welfare is still very meager. It is under this condition that peasants in fact have regarded the land as representing social insurance and therefore they are not willing to abandon the land. Therefore before this question is resolved, it is impossible to completely get rid of the situation in which "every household is carrying out overall production of grain, edible oil crops, and cotton," which impedes the development of specialized production. This question cannot be resolved by relying on administrative orders, instead, it is imperative to define a series of policies to encourage peasants to shift their contracted land to others. For example, measures can be taken to

provide peasant households that are carrying out specialized production with a steady supply of commodity grain and to ensure that the specialized households that are carrying out nonagricultural production will be able to carry out their production stably, coupled with stable income.

2. The question of smoothing out circulation channels. It is mainly because of the problem of circulation that many specialized villages cannot constantly develop and expand their production. In particular, the social services for the sale of products are yet to be developed. It is true that the nylon ropes made by Pitiao village are marketed across the country, 80 percent of the products are marketed by specialized marketing households. The sieve net producers of Zhangzhai village have to find individual users themselves. A specialized household has visited many places for 15 days and spent more than 200 yuan but in spite of this effort, it has only received orders for 10 tons of its dark reddish brown food color. As a result, the profit made is not enough even to cover transportation expenses. So far, none of the local state commerce, rural supply and marketing cooperatives, and cooperative shops have ever helped peasants of the five villages in organizing the sale of their products. This situation must be changed as quickly as possible. In particular, the supply and marketing cooperatives must help peasants form their own cooperative economic organizations.

3. The question of developing rural free markets. The development of commodity production will promote the prosperity of free markets and the development of these markets will also promote commodity production. The specialized production of Pitiao village would have been restricted without the two new markets. But the related cadres at various levels have not paid attention to free markets; some cadres have even resorted to policies to restrict such markets. The only restaurant in the markets in Pitiao village has been compelled to close down because of heavy taxes. It is imperative to pay attention to the rural free markets on the basis of specific local conditions and planning; such markets cannot be let to drift.

4. The question of competition. Competition is inevitable because specialized villages are regional and most are carrying out the same specialized production. Competition will no doubt exist between households, combination bodies, and villages in such aspects as purchasing raw materials, production and sale of products. Proper competition is necessary because such competition is helpful in raising product quality and improving management level. But competition must be carried out in the right direction. Any move to run the rivals must be prevented because in this way both sides or one side will suffer, thus affecting interests of the state and the masses. Therefore it is imperative for the government departments concerned to make overall planning and help specialized villages, combination bodies, and specialized households to develop in a coordinated way. Measures must also be taken to prevent restricting their operations within certain administrative areas by blockading.

5. The question of tax. As specialized villages are carrying out their production on a bigger scale, they have drawn the attention of tax revenue departments. It is often that when these departments fail to meet their tax

revenue quotas they will divert their attention to specialized villages. It is an important question for these departments to collect tax that should be collected without impairing the initiative of the masses. There are many households in Pitiao village with their income totaling 10,000 yuan, but they would rather acknowledge that they belong to a village with 10,000 yuan income than acknowledging their income. This is because they worry that with 10,000 yuan income, they will be taxed. In addition, the prices of nylon ropes and sieve nets is very high but the profits are low. The profit rate per 100 yuan output value of nylon ropes is only 2 to 3 yuan, which is barely enough to cover the tax, if it is calculated on the basis of output value. Therefore the tax rate for such simple processing that uses high priced industrial products as raw materials must not be based on output value but on value added. Now the tax for these villages is based on the number of machines and this method is feasible as long as the tax rate is rational. Tax rate must be kept stable. Tax appraisal should be lenient when the sales volume is difficult to determine, so as to protect the initiative of specialized households and encourage them to promote their specialized production boldly. Tax revenues will be no problem once production has been developed.

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STRENGTHEN THE BUILDING OF THE LEGAL SYSTEM OF REGIONAL AUTONOMY FOR  
MINORITY NATIONALITIES

Beijing RED FLAG in Chinese No 12, 16 Jun 84 pp 24-25

[Article by Shi Jun [0670 4596] and Mu Shengqin [4476 3932 4440]]

[Text] Strengthening the work of establishing the legal system of regional autonomy for minority nationalities is an important task put forward by the 6th Plenary Session of the 11th CPC Central Committee in the "Resolution on Certain Questions in the History of the Party Since the Founding of the PRC." It is an important component of our country's legal work. The "PRC Law of Regional Autonomy for Minority Nationalities," which was worked out in line with the constitution, has laid the foundation for the work of establishing the legal system of regional autonomy for minority nationalities.

China is a unified, multinationality country. The people of various nationalities of our country have glorious revolutionary traditions and have created a brilliant culture for the country. In the course of long-term revolutionary struggle and economic and cultural exchanges, they have shared weal and woe and formed inseparable flesh-and-blood ties. The system of regional autonomy for minority nationalities was formulated on the basis of this historical fact, the relationships between various minority nationalities, and the distribution of minority nationalities. The system of regional autonomy for minority nationalities is different from the ordinary system of "local autonomy." Under this system, minority nationality areas can practice regional autonomy, establish autonomous organs, and exercise their autonomous rights. This system is all the more different from the "federal system." Minority nationality autonomous areas are administrative areas under the unified leadership of the state. They are integral parts of the country. Autonomous organs in minority nationality autonomous areas are both autonomous organs and state organs at the local level; the people's governments in autonomous areas are state administrative organs under the unified leadership of the central people's government; and autonomous organs can exercise the rights of local state organs as well as autonomous rights. These two types of rights are different from each other and are, at the same time, closely linked with each other. In many aspects, it is very difficult to differentiate between them.

Practice over the last 30 years has proved that the system of regional autonomy for minority nationalities is a correct system which corresponds to China's national condition. This system ensures that minority nationalities can have the right to handle their own affairs. It is beneficial to bringing into play their initiative in carrying out socialist modernization and in promoting their prosperity, and is beneficial to consolidating the unification of the country, to building border areas, and to resisting foreign aggression and sabotage. This system has brought about great achievements.

There were setbacks in the course of exercising regional autonomy for minority nationalities. The Lin Biao and Jiang Qing counterrevolutionary cliques seriously undermined the implementation of the system of regional autonomy for minority nationalities. Also, mistakes occurred in the course of practicing regional autonomy for minority nationalities. This was caused by a lack of understanding of minority nationalities problems and of the characteristics of regional autonomy for minority nationalities. So we should draw the following lessons: 1) We have not shown enough respect for the autonomous rights of minority nationalities. 2) We have not had full understanding of the characteristics of minority nationality autonomous areas and "sought a single solution for diverse problems." 3) In some autonomous areas, the Han nationality has not shown enough consideration for minority nationalities, and the more numerous minority nationalities have not shown enough consideration for the less numerous minority nationalities. To enable governments and minority nationality cadres at all levels to have a unified understanding of regional autonomy for minority nationalities and of how to exercise this autonomy, it was necessary to formulate a law. The task of strengthening the work of establishing the legal system of regional autonomy for minority nationalities has been put forward according to this historical requirement.

As an important political system of the state, the system of regional autonomy for minority nationalities was stipulated in the "Common Program of the CPPCC" of 1949 and in the "PRC Constitution" of 1954. The "PRC Program for Exercising Regional Autonomy for Minority Nationalities" promulgated by the committee of the central people's government in 1952 contained detailed stipulations on the system of regional autonomy for minority nationalities. These stipulations have played a great role in promoting the implementation of regional autonomy for minority nationalities. On the basis of the past stipulations and of summing up the positive and negative experiences in practicing regional autonomy for minority nationalities over the last 30 years, the "PRC Constitution" promulgated in 1982 contains more perfect and more detailed stipulations than the "Common Program" and any of the past constitutions. The "PRC Law of Regional Autonomy for Minority Nationalities" approved by the Second Session of the Sixth NPC was worked out according to the principles and stipulations of the constitution. Over the past few years, many autonomous areas are working out specific regulations. Since there is a law of regional autonomy for minority nationalities, autonomous areas can use it as a basis for formulating autonomous regulations and specific regulations, thus the work of establishing the legal system of regional autonomy for minority nationalities will be

extensively carried out. The promulgation and implementation of the law of regional autonomy for minority nationalities significantly implies that China's work of handling minority nationalities affairs is shifting from relying merely on policies to relying on both policies and law. The systematization and legalization of the policy on regional autonomy for minority nationalities has an important bearing on handling well minority nationalities affairs, on strengthening the unity of various nationalities, and on promoting socialist modernization and common prosperity among various nationalities.

The most important historical task of the law of regional autonomy for minority nationalities is to provide a legal guarantee for autonomous areas so that they can rapidly develop their economy and culture and promote common prosperity. In solving nationalities problems in a multinationality country, an important difference between Marxists and non-Marxists lies here: After taking over nationwide political power, it is not enough just to be satisfied with declaring that all nationalities are equal before law. Instead, after realizing political equality among various nationalities, it is necessary to adopt effective measures to promote the economy and culture of the originally oppressed, backward nationalities and to promote common prosperity among various nationalities. Since the overthrow of the reactionary rule of imperialists, feudalists, and bureaucratic capitalists and the founding of the PRC, the party has consistently been in favor of helping minority nationalities develop their politics, economy, and culture, and it has done a great deal of work. But due to various historical reasons, the economy and culture of minority nationality areas are still backward. To gradually narrow the gap between minority nationality areas and ordinary areas and to realize common prosperity among various nationalities, the most fundamental thing for autonomous areas is to speed up their economic and cultural development. The following three points are of particular importance: 1) It is necessary to develop the economy with the stress on production. 2) It is necessary to develop culture with the stress on education. 3) It is necessary to try every possible means to train a large number of minority nationality cadres, professionals, and technological workers. With regard to these three points, the law of regional autonomy for minority nationalities clarifies a series of important stipulations which have been formulated in compliance with the realistic ideological line of the third plenary session, with the spirit of relaxing policies toward minority nationality areas and of giving energetic help to these areas, and with the provisions of the constitution on promoting common prosperity among various nationalities. For example, the law clarifies that apart from having the right to work out autonomous regulations and specific regulations, autonomous areas also have the right to adopt special policies and flexible measures provided they do not violate the constitution and law; and it also clarifies that resolutions, decisions, orders, and instructions of higher state organs can be changed or suspended if they are not suited to the actual conditions of autonomous areas, but that this must be submitted to the higher state organs concerned for approval. These stipulations give sufficient decision-making rights to autonomous areas, and autonomous organs in autonomous areas can exercise state law and policy in the light of their specific conditions. The stipulations on economic construction, finances, education, and culture



clarified by the law of regional autonomy for minority nationalities embody the right of autonomous areas to handle their own economic, cultural, and educational undertakings. They also embody the right of autonomous areas to manage their own internal affairs. The consolidation of these rights by legal means will play a more and more important role in strengthening and developing the system of regional autonomy for minority nationalities and in speeding up economic, cultural, and educational development in autonomous areas.

The law of regional autonomy for minority nationalities is a basic law with Chinese characteristics. Its various stipulations correspond to the fundamental interests of various minority nationalities and reflect the common wishes of the people of various nationalities. Its promulgation and implementation will certainly bring the socialist relationships between various nationalities to a new and higher stage.

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## AN IMPORTANT REFORM OF THE MILITARY SYSTEM OF OUR COUNTRY

Beijing RED FLAG in Chinese No 12, 16 Jun 84 pp 26-27

[Article by Zheng Shi]

[Text] The new "PRC Military Service Law" has been formally published, after having been examined, discussed, and adopted by the Second Session of the Sixth NPC. This is a major issue in the modernization of our country's national defense and is of extremely great significance in further completing and perfecting our country's military service system, consolidating the building of the armed forces, in enhancing the sense of national defense of all nationalities throughout the country, in safeguarding the security of the motherland, and in the smooth progress of socialist modernization.

The military service system is an important item in the military system of the state. It changes with the development of the political and economic situations of the state in accordance with the military needs based on such development. The first military service law of our country was published in 1955. Over the past three decades or so great changes have taken place in our country, and there have been great developments in building the army. The new military service law has been drawn up by summing up the experiences of military service work of our country over the past three decades or so, based on the new requirements of the 12th CPC National Congress and the new constitution for building our country's armed forces, through thorough investigation and study, and after repeated discussions and revisions.

This military service law has a special characteristic in that it has Chinese characteristics and gives expression to the spirit of reform. At present our country is experiencing an upsurge of reform. Reform in the rural areas is now in the ascent, while reform in the urban areas has just begun. Reform in the military system is also a must. The new military service law is precisely an outcome of reform. Comparing the new military service law with the 1955 military service law, revisions have been made to a considerable degree in both structure and content. Regarding the content revision, the most important point is the change from the obligatory military service system into a military service system combining obligatory military service with a volunteer military system, with the former as the mainstay, and combining the militia with the reserve service. This is a great reformative measure to enhance the modernization of national defense in our country.

As it is known to all, since the first military service law was promulgated in our country in 1955, the obligatory military service system has been in effect. It is a great advance when comparing this military service system to the volunteer military service system implemented during the war years. Its merits are that a certain number of fine young people are recruited to render military service in the army. At the same time a number of soldiers who have gone through strict training and tempering are demobilized from active service and soldiers in the army are constantly rotated and renewed, which enables the army not only to preserve its exuberant vitality and vigor but also to incessantly amass a powerful reserve service for the construction of national defense. However, there are also shortcomings in the implementation of the obligatory military service; namely, the period of military service is comparatively short, and with modern science and technology ever developing, this cannot fully meet the needs of building the army. In order to suit the needs of army modernization and retain the army's technical backbone forces, the NPC Standing Committee in 1978 decided to implement the system of combining obligatory military service with the volunteer military service. Practice over the past few years has proven that this system is not only necessary but feasible. The new military service law has affirmed this system and explicitly stipulated that it is necessary to "implement the combination of obligatory military service with volunteer military service, with obligatory military service as the mainstay." This means that it is necessary to implement the obligatory military service system, and it is also necessary to implement the volunteer military service system, while the obligatory military service systems remains the basic form of the military service system of our country.

The merits of implementing this system are that it is advantageous not only to the renewal of soldiers in the army, maintaining soldiers of a younger age, but also for the army to retain its backbone technical force, thereby raising the combat effectiveness of the army. Therefore, in implementing this system, part of the technical backbone forces and grassroots work backbone forces can be selected from soldiers in obligatory service to become soldiers in the volunteer service, based on the needs of the army and their own desire. This portion of the soldiers will continue to serve in the army, retaining the merits of obligatory military service, helping overcome its shortcomings, solving the problems in the need of technical backbone force in the modernization of the army. Most soldiers in volunteer military service have a standing of over 10 years of service in the army, they are comparatively skillful in their professional technique, and are familiar with the conditions of the army, they have a certain ability in administration, and are the backbone forces among the soldiers. With such a number of veteran soldiers remaining in the army for a comparatively long period of time, we can rely on them to skillfully master and pass on various kinds of knowledge and skills, enhance the maneuverability of modernized weapons and equipment, bring the power of modernized weapons and equipment into full play, and accelerate the pace of our army's modernization.

Our country has a long-standing and rich experience in implementing the militia system. Militiamen have made great contributions during the long years of revolutionary war and the struggle for safeguarding socialist

construction. In the antiaggressive war of the future, the militia will play a still greater role. However, starting from the needs of the antiaggressive war of the future, it will not do if there is only a militia system without a complete and perfect reserve service system. In the antiaggressive war of the future, not only a large quantity of soldiers will be involved, but also good quality and rapid mobilization will be needed.

In view of the present condition of the militia organization of our country, the need for ordinary soldiers during wartime mobilization can be solved, but the training of technicians and officers, who need to master skills with a certain degree of difficulty cannot be solved by solely relying on the militia organizations. True, the majority of personnel in the reserve service can be administered through militia organizations, however this cannot take the place of the entire reserve service system, in particular, the reserve system of officers. This requires that we should set up, complete, and perfect the reserve service system in a time of peace, amass a powerful reserve in a planned way, and be able to mobilize them rapidly in wartime, supplementing the army and organizing new troops. Both completing and perfecting the reserve service system and persisting in the militia system are inseparable and important components of building our country's reserve forces. Therefore, the new military service law has stipulated the implementation of the system of combining the militia with reserve service, and has made a series of stipulations on building the reserve services and on the question of the source of wartime soldiers. For instance, according to the stipulations of the new military service law, the reserve service is divided into the reserve service of soldiers and that of officers. Soldiers of the reserve service not only include all militiamen, but also demobilized soldiers registered for reserve service in units and organizations where militias are not set up, specialized technical personnel, and other male citizens conforming to the conditions of reserve service of soldiers. Officers in reserve service include officers demobilized from active service and transferred to reserve service, and demobilized soldiers who have been ascertained to take part in reserve service of officers, graduates of institutes of higher education, cadres specialized in the militia, militia cadres, cadres of nonmilitary departments, and specialized technical personnel. These stipulations are favorable to us in setting up a complete and perfect rapid mobilization system in wartime, and heightening the capability of rapid mobilization.

Of the two "combinations" of the military service system of our country stipulated in the new military service system, the former is the reform in the building of the army in active service, the latter is the reform in the building of the reserve forces. The reform in these two aspects fully conforms to the state of affairs of our country, our army, and our people. As long as we resolutely act according to the stipulations of the new military service law, take a firm grasp of the reform in these two aspects, do a good job in building our troops in active service and in building our reserve forces, closely link the building of our troops in active service with that of our reserve forces, closely link the preparation in time of peace with wartime needs, and closely link the present actual conditions with the needs of long-term construction, the armed forces of our country will be invincible,

and will make due contributions to the fight against hegemonism, and in safeguarding world peace.

The new military service law is an important law based on our country's constitution. The various aspects of the building of our country's armed forces will be governed by this law. Our present task is to earnestly study it, take an active part in popularizing it, strictly observe it and resolutely safeguard it as soon as it is implemented according to the stipulated date.

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GREAT ACHIEVEMENTS IN ECONOMIC AND SOCIAL DEVELOPMENT IN THE 35 YEARS  
FOLLOWING THE FOUNDING OF THE PRC (STATISTICAL DATA)

Beijing RED FLAG in Chinese No 12, 16 Jun 84 pp 28-29

[Article by State Statistical Bureau]

[Text] Changes in Some Major Relationships in the National Economy

		<u>1952</u>	<u>1957</u>	<u>1978</u>	<u>1983</u>
The proportion between agriculture and light and heavy industry in gross industrial and agricultural output value	Agriculture	56.9	43.3	27.8	33.9
	Light industry	27.8	31.2	31.3	32.1
	Heavy industry	15.3	25.5	41.1	34.0
The proportion between light and heavy industry in gross industrial output value	Light industry	64.4	55.0	43.1	48.5
	Heavy industry	35.5	45.0	56.9	51.5
The proportion between agriculture, forestry, animal husbandry, sideline production, and fishery in gross agricultural output value	Agriculture	83.1	80.6	67.8	62.2
	Forestry	0.7	1.7	3.0	4.1
	Animal husbandry	11.5	12.9	13.2	15.5
	Sideline production	4.4	4.3	14.6	16.2
	Of above figure:				
	Village-run industry			11.7	11.8
The proportion between accumulation and consumption of the used national revenue	Fishery	0.3	0.5	1.4	2.0
	Accumulation	21.4	24.9	36.5	30.0
	Consumption	78.6	75.1	63.5	70.0



		<u>1952</u>	<u>1957</u>	<u>1978</u>	<u>1983</u>
The proportion between productive and nonproductive investment in capital construction investment	Productive investment	66.9	73.3	79.1	58.2
	Nonproductive investment	33.1	26.7	20.9	41.8
	Of above figure:				
	Investment in housing	10.3	9.3	7.8	21.0
The proportion between agriculture and light and heavy industry in capital construction investment	Agriculture	13.4	8.3	10.6	6.0
	Light industry	9.3	7.7	5.8	6.5
	Heavy industry	29.5	42.8	48.7	41.0
The proportion between energy and transport in capital construction investment	Energy (coal, electricity, and oil industries)	10.0	15.4	22.7	21.4
	Transportation and posts and telecommunications	17.5	14.4	13.6	13.1
The proportion of financial revenue in the national revenue		29.5	34.2	37.2	26.7
The proportion of capital construction allocation in financial expenditures		26.5	40.7	40.7	29.6
The proportion of expenses for cultural, education, health, and scientific undertakings in financial expenditures		7.7	9.1	10.1	17.3

Note: With the exception of the figures for "the proportion between agriculture, forestry, animal husbandry, sideline production, and fishery in gross agricultural output value" in 1952-1978, that are based on fixed prices, the rest are calculated on the basis of the prices that year.

Percentage Composition of Gross Agricultural and Light and Heavy Industrial Output Values  
(Calculated on prices that year)

	<u>1952</u>	<u>1978</u>	<u>1983</u>
Agriculture	56.9	27.8	33.9
Light industry	27.8	31.1	32.1
Heavy industry	15.3	41.4	34.0

Percentage Composition of Investment in Agriculture and  
Light and Heavy Industry  
(Units where ownership is by the whole people)

	<u>1953-1978</u>	<u>1979-1983</u>
Agriculture	10.7	7.8
Light industry	5.6	7.9
Heavy industry	49.2	40.4

Percentage Composition Between Productive and Nonproductive Investment  
(Units where ownership is by the whole people)

	<u>1953-1978</u>	<u>1979-1983</u>
Productive investment	81.0	60.8
Nonproductive investment	19.0	39.2
The figure for housing investment in nonproductive investment	5.8	21.2

CSO: 4004/82

## PAY ATTENTION TO SOLVING PROBLEMS OF LEADERSHIP GROUPS AT PRESENT

Beijing RED FLAG in Chinese No 12, 16 Jun 84 pp 29-30

[Article by Zheng Junping [6774 6874 1627]]

[Text] Examination is the crucial stage of party rectification. During this stage, both the collective examination of the leadership groups and the individual examination of the leading cadres are important and must be done well. However, collective examination is more important to a certain extent.

The promotion of the leadership groups at all levels is a crucial factor in the effective implementation of the party's line, principles, and policies and in the incessant development of the great four modernizations drive. Only by seriously promoting collective examination, can we solve the major problems existing among the leadership groups, unite ideology, adopt measures and strive to bring about a new situation of work in the localities and units under the guidance of the principles and policies laid down by the central authorities. Comrade Deng Xiaoping pointed out in 1975: "Party rectification mainly lies in rectifying leadership groups at all levels," and "when the leadership groups have been rectified, the problems of party members will be readily solved." ("Selected Works of Deng Xiaoping," pp 32, 33) Units included in the first phase of party rectification were leading organs of the central units, units at provincial level, at the municipal level and at autonomous regional level, and the major units of the PLA. Whether or not these units can firmly center on the general goal of party rectification as stipulated in the central authorities' decision on party rectification, adhere to the principle of examination, seriously solve the problems existing among the leadership groups and turn the leadership groups into a command headquarters which has strong combat effectiveness is directly related to whether or not party rectification is perfunctorily carried out and related to whether or not we can lead the broad masses of party members and people to open up new prospects for socialist modernization.

Certainly, laying emphasis on collective examination of leadership groups does not imply that individual examination can be carried out in a slapdash manner or that the standards should be lowered. Collective examination and individual examination are interrelated and they help each other forward. The provincial CPC committee consists of comrades who shoulder various tasks; if the leading comrades fail to make strict analysis of themselves or fail

to be bold enough to carry out sincere, profound, and realistic self-criticism of their shortcomings and mistakes, but only make an inadequate examination, collective examination cannot be carried out with high standards either. On the other hand, when collective examination is carried out with high standards and strict demands, it will be conducive to the launching of individual examination of the leading cadres, enabling them to better understand their own problems, identify any deviation, and realize the correct objective one should strive for. As for the members of the collective leadership, it is wrong if they only care about individual examination or are only concerned with their own trivial problems, seeking to "pass" smoothly, and are indifferent to, or do not pay serious attention to the overall building of the leadership groups. All members of the leadership groups must have the concept of strong collective leadership and a concept of the overall situation. While promoting individual examination, it is necessary to pay serious attention to collective examination, identify problems, be good at summing up experiences, put forth remedial measures and proposals on improving work, and do one's best to make contributions to raising the level of the leadership groups in leading the four modernizations. The secretary and deputy secretary of the provincial CPC committee who shoulder the main tasks of organizing the activities of the party committee and handling daily routine should pay more attention to examination of the leadership groups and take the lead in launching good self-criticism.

Collective examination of the leadership groups inevitably involves some problems of the old group, but should focus on solving questions concerning the new group. This is because it is necessary to rely on the new group in the implementation of the line, principles, and policies of the central authorities and open up a new situation of work. We will not be able to achieve the goal of party rectification if we fail to solve the problems of the new group. Some comrades think that the new groups do not have any problems, this in fact does not comply with the actual situation. Generally speaking, after readjustment in the course of streamlining government departments, the situation of the new groups has become better, and since it is quite a short time since then, not many questions have been exposed. This does not mean that there are no problems. Many things have to be improved in order to meet the requirements of the new situation and the new tasks, such as correcting the ideological and political line, strengthening ideological and political leadership, inspiring the revolutionary spirit, improving the leadership work style and method of work and implementing democratic centralization. Some people think that there are not many things to be examined--this only shows that these comrades have a low ideological level and low standards and that they lack the spirit of thinking seriously and being bold to explore and innovate. At the same time, we must see that due to the influence of the abnormal inner-party political life in the past, some comrades are still worried about launching criticism, since they dare to voice their opinions on those who have already retired from, or have been transferred away from leadership groups, but dare not voice their opinions regarding the existing members of the leadership groups. With regard to this, leading comrades at all levels should have a clear understanding and a correct attitude. While carrying out collective examination of the leadership groups, and where the problems of the old members of the

leadership groups are involved members of the new groups should not take an evasive approach and should proceed from improving work and absorb experience in a truth-seeking manner. It is necessary to inherit and give play to experiences of the old groups which are still suitable to the present situation, but regarding those outdated experiences, which are incompatible with the new situation, we must be bold to make changes, and should not let them bind our hands and feet.

In launching collective examination of the leadership groups, it is necessary to pay attention to the practical problem of whether the creation of a new situation is hindered. In this party rectification, the leadership groups must pay special attention to examining the important questions in relation to the implementation of the party's line, principles, and policies and lay stress on studying the new situation and solving the new problems. While it is necessary to attach primary importance to solving the existing problems, however, this does not mean that we should not deal with the leftover historical questions. Regarding leftover historical questions, we should adopt a "less nitpicking" attitude in bringing solutions to them in a truth-seeking way. The purpose of solving the leftover historical questions is to sum up past experiences and lead us to look forward and do a better job of work in future, but not to be tangled in old historical debts. In regard to questions which have been settled, we should not raise them again. The party's unity is a basic Marxist principle. Whether we are solving historical questions or practical questions, we must proceed from the desire of unity and reach a new unity by means of launching criticism and self-criticism. We must, on the one hand, solve questions, and on the other hand, be cautious and stable. We must prevent the "left" things and prevent the disturbances of factionalism.

The better launching of the examination of the leadership groups must be carried out on the basis of seriously studying the documents on party rectification, carrying out profound investigations and research, giving full play to democracy and profoundly exposing contradictions. The leadership groups must make strenuous efforts in carrying out collective examination, they must give play to collective wisdom, implement supervision of both the higher and lower levels, unite ideology and enhance understanding by means of repeated and serious discussions. Collective examination of the leadership groups is not a simple combination of the examinations of the leading cadres, but should take the interest of the overall situation into account, really identifying major problems which are incompatible with the party's general tasks and the general goals and putting forth practicable improvement measures, thus, greatly pushing forward the building of the leadership groups.

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A PHILOSOPHICAL WORK WHICH CONFORMS TO REALITY--ON 'ESSENTIALS OF MARXIST PHILOSOPHY'

Beijing RED FLAG in Chinese No 12, 16 Jun 84 pp 31-33

[Article by Xun Hu [6737 3840]; passages within slantlines published in boldface]

[Text] "Essentials of Marxist Philosophy" (hereinafter referred to as "Essentials"), edited by Han Shuying and published by the People's Publishing House, is chiefly cadres' study material on the principles of Marxist philosophy. It conforms to the need to achieve regularization in the work of training cadres and it has caught the attention of the mass of cadres and theoretical specialists.

"Essentials" has its own distinctive characteristics. The authors have studiously researched the party line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee, as well as the latest results of philosophical research in China. They have also taken note of developments in the present generation of science and technology and have succeeded in embodying the spirit of the times and the accurate direction of philosophical research.

1. "Essentials" pays attention to the philosophical discussion and explanation of the characteristics and laws of socialist society.

We live in a socialist society and we are in the process of constructing a form of socialism with Chinese characteristics. Progress for a socialist society requires the guidance of the Marxist scientific world view, and if this guidance is ignored, there is the possibility that the society will sink into fantasy. Hence propagation of Marxist philosophy and philosophical research into socialist society is a pressing demand of the times made on philosophy. At the same time philosophy is the quintessence of the spirit of the times and during the period of socialism vitality must be drawn from the practice of socialism; hence carrying out philosophical discussions of the problems which crop up in the practice of socialism represents an important condition for the future advancement of philosophy. When one opens "Essentials" the most immediately interesting thing is the very hard work which the authors have put into ensuring that Marxist philosophy really does become a sharp ideological weapon for modernized construction. When



"Essentials" explains the principles of Marxist philosophy it steadfastly faces the reality of socialist society and uses Marxist principles to examine and investigate the characteristics and laws of socialist society. It looks at how to use philosophical principles to understand and solve important problems and topics which crop up in the practice of socialist construction and it expends a great deal of effort in presenting philosophical demonstration of the accuracy of the party line, principles, and policies drawn up by the party. These investigations, research, and demonstrations not only run through every section of the entire book, but in addition there is a special section in which specialized discussions of various philosophical problems in the development of socialist society are undertaken. For example, the question of the role of Marxist philosophy in the development of socialist society; the question of the contradictory characteristics of socialist society; the question of the characteristic quantitative and qualitative changes in socialist society; the question of socialist society's characteristic denial of denial; the question of forces of production and relations of production in socialist society; the question of the economic base and superstructure of socialist society; the question of interclass struggle in socialist society; the question of the role of the masses in socialist society; and so on. "Essentials" carries out a specialized discussion of every one of these topics. The attempts in "Essentials" to ensure, in a conscious way, that philosophy meets the demands of the times, are extremely valuable and important, and represent something of major directional significance for philosophical teaching and research.

2. "Essentials" steadfastly uses the world view and historical view of dialectical materialism to answer major philosophical questions thrown up in this present era of scientific and technological development. The book embodies a fresh party style and a scientific nature.

During the several decades since the conclusion of World War II, modern science and technology has progressed at breakneck speed. This progress has had a deep effect on the economy and on society and many new situations have been produced and many new questions thrown up, with the result that people have been forced to examine and understand things. Hence a wide variety of schools of philosophy have emerged throughout the world. Philosophical work in China should on the one hand trace the progress of modern science and technology, making Marxist summarizations to guide practice, and at the same time should also face up to the new challenges from the various kinds of idealist world views and historical views. "Essentials" develops the tradition of militant materialism and provides concrete analysis of information theory, cybernetics, and electronic computers, as well as artificial intelligence. It fully confirms that these new aspects of science and technology are the important results of human labor and the development of wisdom and also confirms their significance in promoting social progress. At the same time it also criticizes the idealist interpretation of these results and exposes the distorted propaganda created from these results by capitalism. For example, in response to some people's belief that information is independent of and external to matter and that it has an "autonomous" existence, "Essentials" points out that "information is always linked to

matter and is always manifested through matter. The transmission of any information must be recorded materially. If one departs from matter and the movement of matter, then there is no information. The information process is a process of matter-energy exchange, and the discovery of the information process itself confirms the limitlessness of the properties of matter." (p 50) In response to some people's belief that, since machines can imitate some of the thought processes of human beings, "machine thought will therefore take over from human thought and will eventually control people," "Essentials" points out that while there are links between artificial intelligence and human thought, there are also essential differences. Artificial intelligence is man's transferral of some human thought processes to a machine and hence the machine can only perform its function when human will is involved. "Essentials" shows how the capitalist view that "the aftermath of using artificial intelligence in the capitalist system, such as increased unemployment and so on, may be seen as the domination of man by machines" is merely an attempt to make the working people lose their faith in the progress of human society. It goes on to stress that "in a socialist system, the extensive use of these kinds of machines will immediately and directly speed up production development and social progress." (p 78)

In its encapsulations of new philosophical results, it is well worth noting how "Essentials" discusses "system" as an important category in materialist dialectics, and it also brings up the topic of "the existence of matter as a system." "Essentials" points out that system thought is innate in dialectics. In both in Chinese and West European ancient philosophies, the concept of the system has always appeared. The founders of Marxist philosophy explained system thought and applied it in scientific research, gaining great results from doing so. "Das Kapital" is an outstanding example of the way system thought is used to research the laws of movement of capitalist forms of production. Engels also pointed out that: "The entire natural world in which we find ourselves is a system (in German "tixi" and "xitong" are both rendered as "system"--note by authors of "Essentials"), namely the sum of the links between all matter." ("Selected Works of Marx and Engels," Vol 3, p 492) Developments in modern science, and in particular the emergence of cybernetics, information theory, and system theory have further proved and enriched the system thought of materialist dialectics and provided a further scientific basis for it. The category of system tells us that any matter is the organic whole of all the interlinked and interacting important factors and parts within it. Clarification of this category of "system" is extremely significant for us in our complete understanding and grasping of matter. Comrade Mao Zedong pointed out that "matter always emerges as a process." ("On Questions of Whether or Not Imperialism and All Reactionary Factions Are Old Tigers," taken from RED FLAG No 10, 1977) "Essentials" also clearly points out "the existence of matter as a system." "Process" and "system" together reflect the horizontal and vertical links of matter, and the two categories are integrated. This further explains the completeness of the links in, and development of, matter.

It should be stressed that during the process in which "Essentials" developed into a book, in addition to "leftist" dogmatist tendencies in handling Marxist philosophy, some people in China's philosophical circles also

propagated abstract humanism and socialist alienation as something very much "in vogue," and as a result a trend developed which wished to "supplement" Marxism with humanism and indeed sometimes even wished to reject Marxism in favor of humanism. Not only has "Essentials" not been influenced by these two tendencies, it has in actual fact resisted and opposed these kinds of erroneous trends. This can be seen from both its clear explanation of the principles of Marxist philosophy and its criticisms of logical positivism, existentialism, New Thomasism, and other contemporary trends in capitalist idealism. This spirit of upholding the principles of Marxism is also extremely valuable.

3. "Essentials" links together very closely the ideological line of the party, methods of leadership, methods of work, and work styles in explaining philosophical principles and it underlines the significance of philosophical methodology.

Marx said that "philosophers only use different methods of /understanding/ the world, but the problem is to /change/ the world." ("Selected Works of Marx and Engels," Vol 1, p 19) Hence to make philosophy a methodology to guide the real activities of the proletarian class in "changing the world" is a requirement of the very essence of Marxist philosophy. Our party has always emphasized ideological and work methods for guiding real work. In the practice of the Chinese revolution, Comrade Mao Zedong took Marxist philosophy as the fundamental world view for our party's ideological line and principles and developed it in more concrete terms as a method of guidance and working, thereby greatly enriching Marxist philosophy.

"Essentials" lays enormous emphasis on philosophical validation of the party's ideological line and work methods. It places basic philosophical questions in an extremely prominent position and indicates how their ability to scientifically solve the problem of the relationship between thought and existence is of decisive significance for the ups and downs and successes and failures of the proletarian revolutionary cause. Only with Marxist responses to these fundamental philosophical questions can our party's ideological line of seeking truth from facts be truly and firmly upheld. "Essentials" takes fundamental philosophical questions as its core and in many different chapters it provides a dialectical explanation of the question of the relationships between the subjective and the objective, subjective activity and objective regularity, understanding and practice, the general and the individual, leadership and the masses, and so on. On this basis it has underlined the scientific methods of leadership and work which our party has developed over many years of practice, such as investigative research, the mass line, general calls, and specific directives, and their mutual integration. It goes on to stress how these methods must be continued and developed in socialist construction. Furthermore the book also analyzes the manifestations and dangers of subjectivist ideological and work methods in our actual work. Not only this, but in addition "Essentials" also provides further philosophical proof of the importance of researching and using new scientific methods under the new historical conditions that exist. Since the 3d Plenary Session of the 11th CPC Central Committee our party has drawn up a complete set of principles and policies for achieving

the overall task of constructing socialism, and these policies and principles have been perfected during the process of practice. One key problem today is the need to improve cadres' awareness regarding implementing the line, principles, and policies laid down by the party, as well as improving their ideological standards and leadership skills. Hence an emphasis on the significance of philosophical methodology and the provision of a philosophical basis for a more scientific perfection of cadres' ideological and work methods is without doubt extremely important.

4. In its style and form "Essentials" also has some points worthy of note.

When "Essentials" explains the principles of Marxist philosophy, it takes care to link in the positive results of Western philosophical developments, and it also pays attention to linking in the scientific achievements of Chinese history and the positive results of developments in philosophical thought throughout Chinese history. For example, when it talks of the limitlessness of spacetime, it points out that the famous Chinese astronomer Zhang Heng, who lived during the period of the Eastern Han, knew that "space has no limits, space has no end." When it talks of "consciousness being a function of the human brain" it draws on material in which Li Shizhen revises Mengzi's "the heart controls thought" as "the brain is where thought originates." When it explains the category of system it draws on the ancient Chinese system concept of yin and yang and five elements, in which everything in the universe is seen as the mutual opposition of the forces of yin and yang and "the mutual promotion and restraint" between the five elements of water, fire, metal, wood, and earth. In addition it also draws on the results of the modern scientist Qian Xuesan in his research into systems science. Thus we come to understand that the Chinese nation is a nation with a tradition in materialism and dialectical thought and we are inspired to pass on and develop this tradition on the basis of Marxist philosophy.

When "Essentials" discusses and explains philosophical principles it always maintains an organic unity of views and material, thereby ensuring a linked development of both its flesh and bones and also that every topic or category manifests itself as a process of life. This point is prominent and well worth noting.

The book's title, "Essentials," is well deserved. The entire work's explanation of the principles of Marxist philosophy takes only 320,000 words, and while being brief and concise it is also rich and full. The simple and clear style of language of its explanations, which bring out the very essentials, make it even more valuable reading. Cadres who are in busy posts often find themselves hurried in their reading time and the form of "essentials" is well suited to their needs.

We have affirmed many aspects of "Essentials." However, I do not feel that this book has no shortcomings or failings. For example, in its handling of the characteristics and laws of socialist society, although "Essentials" has obviously made enormous efforts, there are still places in which explanations are not sufficiently deep and penetrating. In its handling of new successes

and achievements in science and technology, "Essentials" gives a great deal of attention to the topic, but enormous amounts of hard work are still needed to make its research clear and its generalizations perfect. Naturally, these are also the tasks of the entire philosophical world. We believe that on the basis of earnestly listening to the opinions of the mass of readers, "Essentials" may in the future meet its readers with an even newer face and appearance.

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STRUGGLE ALL ONE'S LIFE TO CREATE LITERARY AND ARTISTIC WORKS LOVED BY THE  
MASSES OF PEOPLE--POSTSCRIPT TO THE 'COLLECTED WORKS OF LI JI'--EDITED BY  
RED FLAG

Beijing RED FLAG in Chinese No 12, 16 Jun 84 pp 34-37

[Article by Li Xin [7812 6580]]

[Text] During the 4 years following Comrade Li Ji's death, his image, his behavior, and even his speech and deportment often crossed my mind. Scenes of the past rose clearly before my eyes. Because he was so familiar to me and I knew him so intimately, I always feel that we are still together. When I think of him, it is like thinking of another old comrade-in-arms whom I knew intimately and whom I respected. I often received enlightenment and strength from him.

Li Ji was acclaimed as a poet by numerous readers after the publication of his long narrative poem "Wang Gui and Li Xiangxiang" published on 22 September 1946 in the Yanan daily JIEFANG RIBAO [LIBERATION DAILY]. Everybody knows the repercussions the poem produced in literary circles and the vigorous response from readers. Using the simple, flexible, and free style of the northern Shaanxi Province folk songs, and using the rich and colorful language of the folk art and the masses of this region, the poem portrays the two heroic characters, Wang Gui and Li Xiangxiang, and depicts the working people's heroic struggles for their emancipation and for carrying on the revolution under the leadership of the party. Using the method of combining revolutionary realism and revolutionary romanticism, Li Ji composed a solemn and magnificent historical poem with a strong national style to depict the victory of the northern Shaanxi Province people's armed struggles and to depict the reality of life symbolized by the free-love among young people. As soon as this lengthy poem was published, in an unprecedented move, the XINHUA NEWS AGENCY for the first time used telecommunication to broadcast nationally and abroad its full text. The vast numbers of readers from China and abroad warmly welcomed and acclaimed the poem.

If one says that He Jingzhi and Ding Yi's modern opera "Bai Mao Nu" [The White-Haired Girl] and Zhao Shuli's short novels "Xiao Erhei Jiehun" [The Wedding of Xiao Erhei] and "Li Youcai Banhua" [Li Youcai's Dialogue] scored the earliest successes in the area of plays and novels, after the "Talks at



the Yenan Forum on Literature and Art," Li Ji's narrative poem "Wang Gui and Li Xiangxiang" can be said to have scored the earliest great success in the area of poetry. After the "Talks," it can be said that these works stood like giant and magnificent milestones in the history of the new literature. The historical significance of these milestones is reflected in the Chinese style and folk art used in them. Using the workers and peasants as main subjects, these works describe their lives and struggles, combining high ideological content and artistic excellence. They are art treasures loved by the masses of people, and enrich the precious new literature born after the 4 May Movement. These post-4 May works broke through the literary readership, which had been limited to only intellectuals and a few workers, by becoming literary masterpieces loved by the large masses of people and numerous foreign readers of all tastes. These works were adapted into plays, ballads, dances, films, and many other different artistic forms, so that even more readers and spectators could see them, thus influencing the masses even more. As Lu Xun said: "They employ regional color but could easily become universal, and therefore noticed by other countries." They really "are spread all over the world," thus demonstrating the formidable power of the "Talks." These works prove incontrovertibly the correctness of the direction pointed out in the "Talks" on new literature and art, and show that the future is wide open.

The literary success of works such as "Wang Gui and Li Xiangxiang," "The White-Haired Girl," and Zhao Shuli's short novels "The Wedding of Xiao Erhei" and others, is immortal. Prior to these, similar works catered to the tastes of a small number of literary and art experts and connoisseurs, but neglected to serve the broad masses of people. Any work overlooking the tastes of the broad masses of people is inevitably ignored by the masses. Such works' destiny is fragile and short-lived. But if one worships the West blindly, considers Western literary works to be as advanced as its science and technology, and pursues blindly Western modern art, he will eventually be abandoned by the literary and art circles and the broad masses of people who uphold the fundamental spirit of the "Talks."

Li Ji said: "As far as my general orientation is concerned, I am always exploring how to succeed in creating poetry that can be easily and cheerfully accepted by the broad masses of workers, peasants, and soldiers, so as to serve them better." When he composed "Wang Gui and Li Xiangxiang," he was working in the border region shared by Shaanxi, Gansu, and Ningxia. He loved this region, its people, and its folk art, which were very free. Taking the free-style folk songs of this mutual border region as a basis, he carried on painstaking exploration and courageous experimentation to "create a kind of a new style loved by the masses of people and also precisely reflecting the contents of the new life." Finally, he created good poems that reflect the struggle of the people in the mutual border region. The people of the mutual border region said proudly: Li Ji is our good son and a good singer!

Li Ji not only belonged to the people of the mutual border region, but also to the larger masses of people of the whole nation. He breathed as one with the masses of people and shared the same destiny; he loved what they loved

and hated what they hated. In 1950, Li Ji was visiting several old revolutionary bases in Hunan Province. He went to Liuyang and saw the chrysanthemum stone, an exquisite folk handicraft carving, and met the old artisans carving these chrysanthemum stones. Filled with wonder at this superior craftsmanship, he sympathized with the hardships that the artisans had to go through and decided to write a poem about the destiny of a chrysanthemum stone carver during the revolutionary struggles carried out by the peasants of Hunan Province, which was to be entitled "The Chrysanthemum Stone." After deciding this, he went to familiarize himself more with the local folk handicrafts. When the poet plucked the strings of his lute and exclaimed his poem, offering his song to the artisans of the people, he went through a "painful process of exploration" and once again created a new technique of narrative poem writing. Taking as a basis the local poetic meter of seven characters to a line and five lines to a verse, and combining traditional techniques of poetry with the methods of expression belonging to the new style of poetry, he composed the long narrative poem "The Chrysanthemum Stone" in a short period of time. This poem, which is artistically harmonious and complete, portrays the full image of the artisan who has remained faithful and unyielding and has devoted himself totally to stone carving.

Discussing the composition of this poem, Li Ji said that in the newly liberated areas, one only needed to penetrate the enthusiastic life of the people and study the folk literature and art to be able to write new works expressing the rich flavor of life and national features. When I recite aloud "The Chrysanthemum Stone," Li Ji's old artisan painstakingly working on the chrysanthemum stone is seen clearly in my mind: "For a drop of blood and sweat becomes a flower." Actually, could not the poet be the old artisan himself? Isn't the poem he left behind him, like this chrysanthemum, "left for posterity"?

In 1952 the country organized a nationwide movement to encourage writers to go deeply into the reality of life. Li Ji originally thought about going back to the border region since it was familiar to him and he loved it, but Comrade Hu Qiaomu's words inspired him. Comrade Hu Qiaomu proposed that the things one is most familiar with are not necessarily the most significant, and he recommended that Li Ji think it over. Li Ji thought that the whole nation was then facing changes, passing from the land reform of the early post-liberation period and the mass campaign to a large-scale and organized economic construction, and the question was how to approach the vast strategical changes in this new historical period. Of course, one has to write about the life one is familiar with, which is quite easy to grasp. But the winds of change sent out a new call. The poet was determined to keep pace with the times and move forward. He leapt onto a horse, raised the whip, and galloped toward the Qilian mountains and the Gobi Desert. He resolutely left the big city with his wife and child, and went to the Yumen Oil Field, the first oil base in our country. He went there not to be a guest, but to become one of the "Yumen people." He was appointed director of the Propaganda Department of the oil field's CPC Committee.

At that time Yumen was a newly opened mining area; apart from the workers, there were no native inhabitants living there. "In the boundless open

country there was no one to see." If we think about it, we can easily imagine how difficult it was. But the poet loved the Gobi Desert at once; he loved the Gobi Desert's oil fields and loved the oil workers. The poet said about the oil, that "with its own heat and light it illuminates our motherland's broad road to socialism," "it is itself an exquisite poem." Isn't this precisely a portrayal of the heroic oil field workers? The poet with deep feelings that are difficult to restrain "sings a song for the oil and for the workers extracting the oil." During the 4 years he spent in the Yumen Oil Field, Li Ji wrote a lengthy narrative poem "Shenghuo Zhi Ge" [A Song of Life], a collection of short poems "Yumen Shichao" [Collection of Yumen Poems], "Yumen Shichao" (Volume 2), "Zhi Yi Shiyong Gongren De Jinli" [Salute the Oil Field Workers], and so on. Afterwards, he also composed the long narrative poem "Yang Gao Zhuan" [Biography of Yang Gao]. His poems spread widely among the oil field workers who liked them immensely. The poet devoted his whole body and heart to Yumen and its people. He said: "I wish to become an oil field worker; an aluminum helmet will be my highest reward." I remember when Li Ji unfortunately died suddenly on 8 March 1980. I entered the solemn and respectful large hall to pay my last respects to him. I saw the poet dressed in the blue uniform of the oil field workers and wearing an aluminum helmet on his head. He was in a serene sleep. This is what his wife had done to respect the poet's last wishes. Li Ji was really an "oil field poet" worthy of the name!

The long narrative poem "Yang Gao Zhuan" is divided into three parts: "Wu Yue Duan Yang" [The Dragon Boat Festival], "Dong Hongjun De Gege Huilai Le" [When the Brothers of the Red Army Come Back], and "Yumen Ernu Chuzheng Ji" [Records of the Expedition of Yumen's Boys and Girls]. This poem contains numerous characters and the story is complex; the descriptions of the life of struggle are developed even more magnificently and broadly than in Li Ji's previous poems. Through the fighting life of the hero, Yang Gao, it authentically and simply reflects the complicated struggles such as the land revolution, the war of resistance against Japan, the war of liberation, of each historical period of the socialist construction. The poet has creatively applied the artistic manner of expression of folk songs and the drum poem in composing his lively new poems. The drum poem's style of reciting and signing is very familiar to the northern people and they love it. Drum poems consist of singing and reciting parts which the poet, or storyteller, alternates in a flexible way to attract the masses. Those who know how to read can read them, and illiterates can listen to the words. This is another new experiment achieved in writing poems and songs which follows the mainstream of nationalism and popularism. In this way Li Ji gave himself tasks to be realized one after another.

Li Ji was famous as a poet, but his novels, prose, and literary criticism also achieved gratifying success. In literature he was multi-talented. On 7 September 1946 the Yenan daily JIEFANG RIBAO started to serialize Li Ji's popular Chinese-style short novel, "Buzhaung Cun Yanyi" [Romance of Buzhang Village]. On the same day as his novel's publication, the newspaper published a 700 or 800-word "editor's note." Publication of an author's poem and novel in the prominent space of the literary column of a central party newspaper, followed by an "editor's note" of recommendation,

was a unique happening as far as JIEFANG RIBAO was concerned. Thus, we can see how much importance the party's newspaper attached to the author. At that time the publication of manuscripts was completely decided according to demands and quality. I have never heard of any "utilization of connections" or "favoritism," and Li Ji did not know any newspaper editor then who could publish his works. Li Ji's short novels about wartime of the period of socialist construction sparkle with the spirit of the times; they are permeated with the fragrance of life. His novels, just as his poems, are very good at portraying lively characters in interesting stories. He is good at demonstrating his national style of creation.

Li Ji pursues national characteristics in his works, but he does not reject the good experiences and techniques of foreign literature and art. After the liberation he particularly threw himself into reading, with great eagerness and even more assiduousness, the masterpieces of Chinese and foreign literature. He absorbed beneficial and healthy artistic nourishment from the literary treasures of China and the world. He studied those things suitable for expressing the Chinese people's life and also those that the masses of China could accept, in order to enrich and replenish his poems. If we read his works, either his poems, novels, or prose, we can easily see the influence of ancient Chinese literature and foreign literature.

Li Ji was an outstanding poet and writer, trained by the "Talks," striving for a social effect in his works. He believed that only by harmoniously unifying the ideological content and artistic quality of the writing could one ensure its social effect. For years, he assiduously cultivated the socialist literature and art garden of our motherland. He created works in a strong Chinese style and with Chinese characteristics and did all he could to serve the broad masses of people. His works conform to the artistic rules developed by the Marxist-Leninist viewpoint on aesthetics. He spent his whole life practicing Mao Zedong Thought on literature and art.

Before he became famous, Li Ji was an ordinary cadre and an ordinary party member, writing news reports in his spare time. After becoming famous, he never posed proudly as a poet and writer. He insisted in being first a loyal soldier of the proletariat. During the war of resistance against Japan, with the flames of battle raging everywhere over the Taihang mountains, he was a courageous political instructor in his company. At the last stage of the war and during the period of the liberation war, he was an excellent cadre at the basic level and an editor in the three province border region. After the liberation of the whole country, already a famous poet, he attended the first national congress of writers and artists. He really wished he could have the time and opportunity to do some writing, but the organization assigned him to hold a leading post in the writers union of the middle-south region and to supervise the publication of the CHANGJIANG WENYI [LITERATURE AND ART OF THE CHANG JIANG]. He put all his energy and efforts into the magazine, which he ran wholeheartedly, training the young writers in a thousand and one ways. In charge of the reporters' work, he created many methods to train the young writers and gained outstanding results. He used to read the young writers' manuscripts, exchange letters with them, and talk heart to heart with them. When the CHANGJIANG WENYI convoked the young writers

forum, he personally invited experts to give lectures to the young writers. All this made a good impression on the literature and art worlds.

In the last 2 years of his life, Li Ji held a major leading post in the Chinese Writers Association. At that time the organ was just reinstated; the organization and the personnel were not completely healthy and there was not enough manpower. It was indeed a difficult pioneering period. Every day he used to go to work and persevered by working 8 hours a day. Due to his influence, the cadres of the organ observed work regulations. He used to work during the daytime and write at night. For a person like him who was suffering from heart disease, this was a weight much too heavy to carry. But if ever you would meet him, he would always be optimistic and cheerful, wearing a smile on his face. You would not often meet him wearing a long face or even less grumbling or making cynical remarks. His last published work "Jing Jiang Tieniu" [The Iron Girl of the Jing Jiang] was completed after seven or eight evenings of persistent sparetime writing. When he showed it to me, he said modestly: "Please correct it for me." Who would have thought I would have been the first to read his first poem "Wang Gui and Li Xiangxiang" and actually the first to read his last poem! He was already a famous poet, but still retained the modest and simple style of his younger days. This touched me deeply. His personality was in unison with his writing norms. As a person, he was "straight," as were his writings. At work and in his life, he maintained the fine traditions of the party, demanding strictness of himself and requiring others to be strict also, and daring to openly criticize defects and errors. Once I saw him make suggestions to the chief editor of a certain magazine: "What happened, old brother? I have already suggested it twice to you. The recently published magazine contains five or six manuscripts written by your own editorial staff, but I don't know yet if anyone is using a pen name. This is not right; one's own articles should not be concentrated in one's own magazine." Li Ji's criticism was sincere and honest, and I shared exactly the same feeling concerning the problem he mentioned. When, in certain places and certain departments, it was still hard to carry out criticism and self-criticism, Li Ji dared to speak without mincing words. He was a good and rare leader, a good comrade who maintained the fine style of the party.

Li Ji's life was simple. Whenever somebody asked him what he liked to eat, he would say: "Since I am from Henan Province, I'd love a bowl of noodles." Every day he would wear cotton clothes and cotton shoes. In winter he always wore a green military cotton-padded overcoat. His living quarters were the worst of the cadres of the same rank, the rooms never tastefully furnished and arranged. Most conspicuous was his bedroom, in fact his study, surrounded with bookshelves packed with books. He said: "If life is too easy, it can be an obstacle to work."

Li Ji was an excellent poet and writer. He struggled all his life to create literary and artistic works which had strong national characteristics and Chinese style and which would be loved by the masses of people. Today's publication of "Collected Works of Li Ji" will play a positive role and

exert a deep influence on the research on his writings, on developing literary and artistic works with strong national characteristics, and on the initiation of a new situation in the cause of socialist literature and art. I wish his poems and writings to live forever in the people's hearts and become the bugle arousing people to push history forward.

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DEEPEN THEORETICAL UNDERSTANDING ON REFORM AND OPEN-DOOR POLICY--SERIOUSLY  
STUDY PREMIER ZHAO ZIYANG'S 'GOVERNMENT WORK REPORT'

Beijing RED FLAG in Chinese No 12, 16 Jun 84 pp 38-40

[Commentator's article in "Cadres' Theoretical Studies" column]

[Text] Premier Zhao Ziyang's "Government Work Report," made at the at the Second Session of the Sixth NPC, concisely summed the government's work over the previous year, expounding the basic principles for internal construction and foreign affairs at present. Concerning internal construction, the report reaffirmed that in all items of work, the central task remains the continuous pushing forward of economic construction, and explicitly proposed that economic work from now on should focus on grasping the two major issues of structural reform and opening up to the outside world. This is an important strategic decision, fully conforming to the actual conditions of the construction of our country. While studying the "Government Work Report," it is necessary for us to grasp this focus, to deepen our theoretical understanding of structural reform and opening up to the outside world, so as to further emancipate the mind, to eliminate "leftist" influences, to overcome any resistance, and to grasp well these two major matters in a down-to-earth manner.

In carrying out structural reform and in implementing the policy of opening up to the outside world, the theoretical basis is Marxist theory on the mutual relationship between the forces of production and the relations of production, and between the economic base and the superstructure, that is, Comrade Mao Zedong's thinking on the basic contradictions of socialist society. Marxism holds that all those relations of production not suited to the development of productive forces and a superstructure not suited to the economic base must be changed sooner or later, otherwise, they will hinder economic development and social advance. This is an objective law independent of people's will. Back in 1957, Comrade Mao Zedong said: "In the socialist society there remains the contradiction between the relations of production and the forces of production and the contradiction between the superstructure and the economic base." He also pointed out that the newly established socialist relations of production are superior. However, they are far from being complete and perfect, which is contradictory to the development of productive forces, and a comparatively suitable form of mutual relations between production and exchange should be gradually found. Between

the superstructure and the economic base there also exist conditions which make them simultaneously suited and contradictory to each other, and this should be continuously readjusted and solved. Nevertheless, there were "leftist" mistakes later on in the guiding ideas. In particular, because of the sabotage of Lin Biao and the "gang of four," the readjustment and reform of the unsuitable parts in the relations of production and in the superstructure were not carried out smoothly; on the contrary, the theory was distorted, leading to grave mistakes.

The 3d Plenary Session of the 11th CPC Central Committee, in reaffirming the thought behind solving the basic contradictions of socialist society, pointed out that: "The realization of the four modernizations requires raising productive forces by a large margin, it will inevitably require that we should change the relations of production and the superstructure, which are not suited to the development of productive forces in many aspects, and change all ways of management, ways of acting, and ways of thinking which are unsuitable; therefore, it is a profound revolution on a wide scale." Over the past few years, we have been making a continuous advance along this orientation. The successes of the reforms in the rural areas are due to our party's reliance on the wisdom and creativeness of the broad peasants in discovering the crux of the problem and the specific road and form of reform through profound and concrete analysis of the relations of production and of the superstructure, which are not suited to the development of productive forces in the rural areas. At present, we are actively pushing forward the economic structural reform in the urban areas. Likewise, we should apply the thinking on the basic contradictions of socialist society, linking historical experiences with actual present conditions and making analysis and study in earnest, so as to heighten our understanding of the importance and urgency of reform, and to find the specific road and form suited to the economic characteristics in the urban areas.

Regarding relations of production, on the whole, the socialist relations of production of our country are advanced. However, there are many problems in the specific links and forms in the relations of production. For example, the forms of ownership in the existing structure are not suited to the level of productive forces or to the structure, and the development of cooperative economy and individual economy in the urban areas has not yet gained its due position; in the managerial system of state-owned economy, there is excessive concentration, rigidity in administration, separation of departments and regions, and no division between government and enterprise; in distribution, there exists the universal phenomenon of "eating from the same big pot of the state," on the part of the enterprises, and "eating from the same big pot of the enterprise," on the part of workers and staff; in circulation, the original circulation system of the unified purchase and supply of commodities according to the division of administrative regions and layers is no longer suited to the situation and demand of the ever-developing commodity production at present; and so on. The reasons the problems mentioned above have arisen are many. Some are rooted in originally following foreign patterns or being affected by "leftist" ideological influences, which have not conformed to the actual conditions of our country from the very beginning; others are due to the fact that it has not

been very long since the socialist relations of production in our country were set up, there have been several setbacks in the course, and we have not had enough time to find comparatively suitable specific forms; still others owe their presence to the fact that with the development of productive forces, what was originally suitable has now become unsuitable, and the contradictions have become conspicuous and acute. In any case, if the present conditions no longer suit the requirements of the development of productive forces, they must undergo reform.

Looking at the superstructure, there exist many malpractices in some of the existing specific systems of our party and our state which fail to suit the urgent needs of modernization; without serious reform, they will inevitably gravely hinder bringing into play the superiority of socialism. For example, there is the overlapping of administrative organs, the universal existence of bureaucratism, the delay in handling affairs, the arguing over trifles, and the indifference toward efficiency; there is the excessive concentration of power, the lack of division between the party and the government, and between government and enterprise; there is the lack of a strict responsibility system in the leading organs at all levels, the cadres are "eating from the same big pot" of the state, leading to indifference to making progress on the part of some people; there is the irrationality in the educational and scientific research structures, which impedes bringing into play the initiative and creativeness of the intellectuals; and so on. Through the structural reform over the past 2 years, some of the problems have been initially solved. However, the task of reform is far from being completed. One of the important characteristics of the economic reform in the urban areas at present is that in solving any problem, there is always a close relation to the superstructure, and corresponding reform is required. The problem at present is that some comrades in the leading organs of our party and government fail to fully understand the necessity and urgency of the current reform. They have not been completely emancipated from the bondage of "leftist" ideas or from the habitual forces of tradition. Therefore, they are always clinging to outmoded rules and regulations, being unenthusiastic toward reforms, refusing to support them, and even demanding perfection, causing hindrances. Through studying the "Government Work Report," we should deepen our understanding of the mutual relations between the superstructure and the economic base, and come to know that all rules and regulations and systems and all work of party and government organs and of all leading organs of enterprises and undertakings, in the final analysis, serve the economic base. Whatever fails to suit the needs of the economic base and is unfavorable to the development of productive forces must undergo reform.

The implementation of the policy of opening up to the outside world is based on the need to step up the pace in the development of productive forces and the consolidation of the socialist economic base. Marx long ago proposed that the "international relations of production" should undergo study. In his "10 Major Relations," Comrade Mao Zedong pointed out that it was necessary to correctly understand and handle the "relations between China and foreign countries," proposing the slogan of learning from foreign countries. The economies of various countries in the world are interrelated, affecting

each other; with the development of modern science and technology and the modernization of communications and telecommunications, such relationships are getting closer and closer. Therefore, it is necessary for us to expand our view from the domestic sphere to the international sphere on the basis of self-reliance. At present, particularly, there is appearing a new technological revolution in the world, and it is all the more necessary for us to seize the opportunity to actively expand economic and technological exchanges with foreign countries, importing capital funds from abroad, importing advanced science and technology and managerial experience, so as to help overcome our shortcomings with the strong points of others and to narrow the gap between us and the developed countries in economy and science and technology. Only when we deepen our theoretical understanding will we be able to adapt ourselves to the new situation and to take bigger strides in opening up to the outside world under the guidance of the unified policy of the state.

To step up the pace of reform and to further open up to the outside world promote each other. With reform, we will be able to adapt to the situation of opening up to the outside world; while, in turn, the opening up policy will promote reform. When these two major matters are grasped well, we will be able to create a new situation of socialist modernization at a quicker pace.

At present, in the political theory study of cadres, whether it is the study of the "Selected Works of Deng Xiaoping" and other party rectification documents, or of philosophy, political economics, or other courses, it is necessary to link it closely with actual conditions, and particularly to link it closely with the actual conditions of the current structural reform and of opening up to the outside world. Premier Zhao Ziyang's "Government Work Report" proposed structural reform suited to the actual conditions of our country and the principle and measure of opening up to the outside world, which have provided the political theory study of our cadres with teaching material to link theory with practice. Studying this report in earnest, linking it with political theory study being undertaken, and deepening our theoretical understanding of reform and of opening up to the outside world, we will be able to further enhance conscientiousness in implementing the party's principles and policies, to keep up with the pace of reform, to be brave in probing and in blazing new trails, and to actively, in a truth-seeking manner, do a good job in the structural reform and work in opening up to the outside world.

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GUIDANCE MATERIAL ON STUDYING THE DOCUMENTS OF THE 2D PLENARY SESSION OF THE  
12TH CPC CENTRAL COMMITTEE--EDITED BY THE RED FLAG THEORETICAL EDUCATION  
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[Text] While Persisting in the Policy of Opening to the Outside World, It  
Is Necessary To Guard Against Negative Factors

(By Li Shuqiao [2621 2885 2890])

The policy of opening to the outside world is a major and steadfast policy of the party Central Committee drawn up to correspond with the requirements of modernized construction. Since the implementation of this policy, China has strengthened exchange with many countries throughout the world and has developed economic, scientific and technological, and cultural exchanges with many different countries. Practice has proven that this has helped promote the prosperity of China's economy and culture and has also helped speed up the construction of socialist modernization. We must uphold this accurate policy for a long time to come and we should have absolutely no doubt or uncertainty about this. At the same time we must also pay attention to guarding against negative influences that might occur as a result of the policy of opening to the outside world, and we must firmly correct unhealthy tendencies in foreign exchange. It is very dangerous to carelessly lower our guard, for this may prevent us from correctly implementing the policy of opening to the outside world.

After the implementation of the policy of opening to the outside world, and as economic and cultural links between China and the outside world expanded and the tourism industry developed, we found ourselves faced with many new problems and complex situations. Because of the very closed nature of China in the past, some comrades understood very little about the situation in the outside world and thus they were dazzled when they saw the colorful sphere and debauched scenes of the outside world, and they were not very clear-headed. Some people have been misled by the superficial phenomena of capitalism and believe that nothing Chinese is as good as foreign things and that socialism is not as good as capitalism. Some people have been conquered by the sugar-coated bullets of capitalism and have become captives of the capitalist classes. Some have even sunk so low as to become criminals in economic fields. At the same time, obscene books and publications that

have seized the opportunities offered by the policy of opening to the outside world to flow into the country in various illegal ways have seriously corrupted and poisoned the souls of the people. This has left the people spiritually void and has destroyed their morality, and is one of the important factors behind young people's entry onto the road of crime. Hence they represent a serious threat to social peace and stability. From this it can be seen that we cannot ignore the negative factors of opening to the outside world, and we should not underestimate the danger that these factors pose. If we abandon our vigil and do not quickly check the spread of these factors, then negative aftereffects will inevitably result, which will hinder our construction of material and spiritual civilization in China.

Since the very start our party has been keenly aware of the possibility of negative factors when opening to the outside world. At the same time as stressing that "the implementation of modernized construction requires a policy of opening to the outside world," Comrade Deng Xiaoping also said that "by opening to the outside world, the corrupt things of capitalism may be able to edge their way in." ("Selected Works of Deng Xiaoping," p 364) Hence, Comrade Deng Xiaoping pointed out that in order to ensure that in its implementation this policy would benefit modernized construction and would not deviate from the socialist direction, it would be necessary to simultaneously use our other hand to attack serious criminal activities in economic and various other spheres. When Comrade Hu Yaobang spoke of opening up a new situation in economic relations with the outside world, he also stressed that it was important to seriously study and learn about all advanced scientific, cultural, and management knowledge from other countries, whereas it was vital that there be firm resistance to the effects of all corrupt capitalist thinking. The report of the 12th CPC National Congress outlined the stipulations about the need for a "two-handed policy" in opening to the outside world, and this aroused the vigilance and attention of the entire party and the people of the entire country. The principles of the central authorities are extremely accurate, but the problem lies in the fact that the party organizations in some work units and some party cadres do not work hard enough in implementing the principles of the central authorities, leadership in ideological and political work is weak and lax, and there is a lack of high-level vigilance against the corruption of capitalist ideas and an inability to adopt decisive measures to resist and fight. Thus these negative factors spread and develop. Regarding those comrades who do not give sufficient attention to this problem, leading comrades in the central authorities have once again pointed out that opening to the outside world and making full use of useful foreign things to speed up domestic construction is entirely correct. However, it is necessary to take great care about the negative factors involved in opening to the outside world and good work must be done to prevent negative aftereffects.

In order to prevent the negative factors which opening to the outside world may bring, we must first and foremost strengthen education in patriotism, internationalism, and communism. We must also improve the nation's sense of self-respect and self-confidence so that party members, cadres, and citizens may develop a lively and normal exchange with foreign countries, absorbing the beneficial things from other countries and also consciously



resisting the corruption of capitalist ideas and protecting national interests and dignity as well as the prestige of the party and the country. Second, at the same time as strengthening cultural exchange with other countries and learning about the advanced science, technology, and management methods of developed capitalist countries, we must also take care to analyze, distinguish, and criticize Western culture by using Marxism-Leninism and must not allow any damaging or destructive parts of it to develop in China unabated. This is especially true in the case of obscene and pornographic things. Even in some capitalist countries there are legal restrictions on such things. We are a socialist country and hence must make even greater assurances that the legal system is perfected and that loopholes are plugged, and the dissemination and criminal activities involved in the peddling and selling of such pernicious things are stopped. Third, we must be strict about discipline in exchange with foreign countries, including visits, investigations, negotiations, exhibitions, and performances abroad, and we must firmly correct unhealthy trends in work dealing with foreign countries. Those who contravene discipline, in particular corrupted elements and economic criminals, must be handled through party discipline, government discipline, or state laws. Increased education, strict discipline, and firm attacks on serious criminal activities are an important way to ensure that China's policy of opening to the outside world develops in a healthy manner.

We must maintain our convictions in resisting the negative factors that opening to the outside world can bring with it. According to the dialectical materialist view of things, external cause is the condition for change, and internal cause is the basis for change. The external environment can greatly influence the development of things, but it is not actually the decisive factor. In old China society was flooded with all kinds of corrupt phenomena; not only did our party lead all the people of the country in an arduous and decisive struggle, but in an extremely complex environment, it established a good party work style and thus spurred on all the revolutionary forces, influencing and changing the atmosphere in the entire country. Over the last few years since China has implemented the policy of opening to the outside world, many advanced models have emerged in every region to demonstrate how to come to grips with constructing both a socialist material civilization and a socialist spiritual civilization. The Shenzhen Special Economic Zone in Guangdong Province is just one such example. Their experiences effectively demonstrate that as long as party organizations at all levels respect the accurate principles of the party central authorities; as long as attention is paid to improving ideological and political education at the same time as implementing the policy of opening to the outside world; and as long as communist ideology continues to be used to educate the cadres and the masses, their political qualities are improved, and their ability to resist the corruption of capitalist ideas is increased, then, by means of opening to the outside world and studying advanced foreign technology and equipment and experiences in enterprise management, we can absorb new knowledge and understanding for construction of the four modernizations in China while simultaneously upholding the principles of socialism and preserving the purity of communism.

## Our Fundamental System Is Far Superior to Capitalism

(By Li Zhuqi [2621 0031 0366])

Since the implementation of the policy of opening to the outside world in China, a tendency has developed among a small number of people to admire and envy capitalism. They only see the high wages, skyscrapers, and highways of the advanced capitalist countries and thus believe that China is not as good as other countries and that socialism is not as good as capitalism. Patient ideological work should be done on people with these kinds of ideas and we must help them to use the scientific concepts of Marxism to understand the true nature of the capitalist system and understand the laws of social development. At the same time concrete and lively facts should be used to scientifically carry out a comparison between the two social systems so that these people maintain their belief in socialism.

In advanced capitalist countries, levels of material production and scientific and technological standards are high, but the basic means of production and the social wealth is in the hands of a very small number of capitalists while the mass of workers have been unable to overcome their political impotence and economic exploitation. In addition, there is the suffering and pain of unemployment and the threat of murder and robbery, as well as such frequently seen social diseases as spiritual emptiness and so forth. People often live on tenderhooks within the cold-blooded surroundings of money exchange. Although our country is still rather poor today, our basic system is still far superior to that of capitalism. Our basic system is a system in which all power lies with the people and in which the masses are the masters of their own destiny. It is a system in which the means of production are under public ownership, exploitation has been abolished, a planned economy exists, and in which the principle of from each according to his ability, to each according to his work is practiced. As a result of the founding of the socialist system, the era of oppression by the minority and exploitation of the majority has passed, never to be seen again. In accordance with legal stipulations and the principles of the system of democratic centralization, the people manage the affairs of the state through a variety of different ways and means and thus they exercise their own democratic rights. There are no fundamental conflicts of interest among the people, and interhuman relations are ones of unity and mutual help. The new form of logical morality and the prevailing social customs in socialism occupy a dominant position. The working people have become the decisionmakers of their own destiny and from them has burst forth an enormous strength for changing the country and society. The superiority of China's socialist system has even had to be admitted by some politically aware people in capitalist countries. When one retired American general saw the enormous changes that had taken place in new China he remarked with emotion: "This is the first time in recent history that a spirit of true national unity has emerged in China. The passivity of the past no longer exists; there are no longer any domineering rulers or examples of man's exploitation of man. What exists today is a spirit of common contribution to the state and a sense of being a nation."

The level of development of China's economy and its science and technology is still not as good today as that of developed capitalist countries, and this is a fact. But this is not caused by the socialist system. In fundamental terms it is the result of liberation from former imperialism and the long periods of feudal rule. It is because of the founding of the socialist system that the scientific, technological, and economic gap between China and developed capitalist countries has been narrowed. We have made a few mistakes, but we have relied on our own strength to correct these mistakes. After the 3d Plenary Session of the 11th CPC Central Committee, we assessed our experiences and once again outlined correct party lines and principles, successfully implemented reforms of the rural economic system, and are now once again carrying out urban economic reforms. All of this illustrates how our socialist system is constantly perfecting itself and is full of vitality. As long as we continue along the correct road, then we will be able to develop faster than the capitalist countries and what is more, with more stability and permanence.

There can only be differentiation after comparison. Over the 30-odd years since liberation, although we have made some major mistakes, the speed of economic growth in our country is not only incomparably better than in old China, it also far exceeds that of the advanced capitalist countries. From 1953 to 1980, industry in the United States, the Federal Republic of Germany, and Britain grew an average 3.7 percent, 5.4 percent, and 2.2 percent per year respectively, whereas in China the figure was 11.1 percent. Annual average growth in agriculture in these three countries was 1.7 percent, 1.8 percent, and 2.4 percent respectively, whereas in China it was 3.5 percent. If we make comparisons with economic development in China since the 3d Plenary Session of the 11th CPC Central Committee, then the situation becomes even more evident. Because of the many years of rapid growth, production of many important industrial and agricultural products in China is now in the world level ranks. In industry, from 1949 to 1983 China's steel output moved upwards from 26th position to 4th in the world, while coal moved up from 9th position to 3d and generation of electricity from 25th to 6th position. Furthermore, production of fertilizers, sulphuric acid, and cement used to be very backward, but in 1983 production had soared to occupy the world's second and third positions. In agriculture, grain and meat (pork, beef, and mutton) production has also developed steadily, and in 1983 production occupied first and second positions respectively in the world, while sugar products production ranked sixth in the world and cotton leapt to first place. Naturally it will still be some time before China's GNP and per capita production of industrial and agricultural goods catches up with and exceeds the level of the advanced capitalist countries, but since China's economy is able to maintain a much higher level and rate of growth, we will without a doubt be able to catch up and overtake the advanced capitalist countries. This is yet another important manifestation of the superiority of the socialist system.

Under capitalism, the capitalists own the means of production by which they can exploit the broad mass of laborers. Seeking profits is the sole goal of the capitalists. Thus, the premise in any development in capitalist

production is the intensifying exploitation of the working people. The requirement of the ability to make contributions by the broad mass of laborers must necessarily lag behind the blind growth of production. Therefore, economic crises resulting from cyclical overproduction is unavoidable. Since the end of World War II, capitalist nations have experienced seven relatively great economic crises. The whole capitalist system has increasingly manifested its decaying tendency.

In the capitalist system, the productive forces have reached a fairly high level because of the hundreds of years of development they have undergone. The workers' wages are fairly high, while the standard of material life is also correspondingly high. All these are facts. However, hired workers not only continue to be exploited, in addition, as production develops, the surplus value they create is squeezed from them to even greater extremes and hence they sink into corresponding poverty. This too is a fact. According to Japanese scholars' calculations, the rate of surplus value in Japan between 1960 and 1975 rose from 124 percent to 205 percent. From 1961 to 1975 the surplus value rate in the United States rose from 178 percent to 231 percent. When Marx explained the general laws of capitalist accumulation, he said that as capital grew the scale of exploitation also grew and although workers were able to receive quite a great amount of consumption funds, "eating a little better, wearing better clothes, being treated better, having a little more property, could not eradicate the relations of slavery and subordination nor the exploitation that they suffered. Similarly, it could not eradicate the hired laborers' relations of subordination nor the exploitation they suffered." ("Collected Works of Marx and Engels," Vol 23, p 678) This concept of Marx' is still valid today. In the socialist system the aim of production is to satisfy the constantly increasing material and cultural needs of the people. As production develops, society constantly ensures that the needs of the people are met through distribution according to labor. In comparison to advanced capitalist countries, while the lives of Chinese peoples cannot be called rich, to compare the standard of the people's lives inside and outside the country an objective yardstick is required, for to look only at per capita national income, per capita possession of consumer products, and nominal wages is not enough. For example, while wages in China are low, prices are stable and the welfare provided by the state (free medical treatment, subsidized rent, and so on) is considerable. Real consumption by the people is actually far higher than the nominal wages and people have guarantees for their lives. This is not the case in the capitalist society where income tax, insurance payments, rent, and inflation take enormous cuts out of workers' wages. Because our society is stable, standards of living are rising and the mortality rate has dropped from 17 percent in 1952 to 6.6 percent in 1982. On the basis of partial statistics from 25 provinces, cities, and autonomous regions, the average life expectancy in China has risen from 35 years before liberation to the current 69 years (67.9 for men and 70.2 for women). This illustrates that in line with production development, the speed of improvements in the material and cultural lives of the people in China has also been fast, and this is incomparable to the capitalist countries.

Because China has an enormous population and a weak initial foundation, because it started to develop late, and because of the mistakes that have been made along the way, the superiority of the socialist system has not achieved full expression, and in comparison with the capitalist countries there is still a considerable gap in areas such as production and livelihood. However, because our fundamental system is better than capitalism and because we can achieve higher labor productivity, after a long period of hard work we will finally be able to surpass the capitalist countries in all aspects of human civilization. We should remain firmly convinced of this.

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HAVE FULL CONFIDENCE, DO NOT DECEIVE ONESELF

Beijing RED FLAG in Chinese No 12, 16 Jun 84 inside back cover

[Article by Feng Bing [7458 1629]]

[Text] Some time earlier, the slogan "basing on oneself" was quite popular. Many comrades discarded the practice of empty talk and blaming everyone and everything except oneself, spontaneously opposed the practice of seeking privileges by abusing one's official capacity and resisted sinister trends. This won the praise of the masses.

"Have full confidence, do not deceive oneself." This was said by Lu Xun. The most valuable quality of the spirit of "basing on oneself" was "full confidence," whether full confidence in the party or confidence in the great cause that we promote. Some people lack full confidence, thinking that party spirit has been sabotaged beyond cure and that party rectification is just a perfunctory task, so they are usually "indifferent" to things or just try to "adapt to the surroundings." Such people certainly do not have the courage or confidence to "base on oneself."

In the actual situation, there is quite a large number of such pessimists. This reminds us of Yibolite [0122 3134 6849 3676], a character in a Russian play "A Solemn and Tragic Song" written by Bao Ge Ting [0545 2047 1694] in the 1950's. Before the October Revolution, Yibolite started to study Marxism and Leninism but he was at a loss later during the period of the construction of the new economic policy. He had not expected life to be so complex. Not only had a young painter, who was initially a shepherd, evolved to become a "symbol," but his own brother had committed corrupt actions as well. He shook under hardship and even doubted the party line. In sharp contrast to Yibolite was great Lenin. He confronted Yibolite and said: "You have not changed. Jiateluofu [0163 3676 3157 1133] (Author's note: a character in the play) has not changed. I have not changed either. So you should assess our party based on your own judgment, on Jiateluofu's, or on mine, if necessary, then there would not be such a painful problem."

"You can assess our party by basing on me." Although this was only a sentence in the script, it accurately and vividly reflected the true and great quality of Lenin. What a confident and vigorous sentence this is! These warm words embodied the strong faith of "basing on oneself." Lenin

has always been a good example in opposing the practice of seeking privileges by abusing one's official capacity. In March 1918, the head of the general affairs department of the people's committee was seriously criticized by Lenin for arbitrarily raising Lenin's salary and giving Lenin special "treatment" in order to show his affection for the leader, and Lenin made an announcement that this head of department "would be punished with a serious warning." This incident has been spread widely among the communists. Such a spirit of "basing on oneself" enabled Lenin to be proud of his qualifications to assess the party by basing on "oneself." These were real qualifications and the communists' real inspiration of the sense of the party.

We cannot evade contradictions in the course of party rectification. Party rectification cannot be promoted perfunctorily and a very important condition of this is that the majority of the party members has unswerving confidence in the party's cause and is bold enough to expose sinister trends. Thus, having "full confidence" and "basing on oneself" is not only a need in strengthening the Communist Party members' cultivation of the sense of the party but is also a guarantee for winning a success in implementing the spirit of the decision of the party Central Committee on party rectification.

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RECOMMENDING A PUBLICATION LOVED BY READERS--'MOTHERLAND'

Beijing RED FLAG in Chinese No 12, 16 Jun 84 outside back cover

[Book review by Song Zhenling [1345 6966 6875]]

[Text] The book "Motherland," compiled and published by the Chinese Youth Publishing House, is reading material aimed at educating the broad masses of young people in patriotism. This book has been reprinted five times since it came off the presses in June 1981, with a total circulation of 1 million copies and it has been welcomed by readers.

The subject of the book is understanding, loving, and making the country powerful. Directed against the situation wherein certain young people who do not really understand the history of their country and hold wrong and incomplete views about certain things, this book introduces the features of China to the reader, including the vastness of the country coupled with its beautiful mountains and rivers, its long-standing history, and rich and world-renown culture. It introduces the unrelenting struggles waged by the Chinese people over the past nearly 100 years against imperialism and feudalism, the tremendous changes experienced by China over the past three decades and more since the founding of the PRC, and the great achievements made since the founding of new China in such areas as agriculture, industry, science, culture, and national defense. After reading this book, the reader will feel proud to have such a great motherland and will understand that without the CPC there would have been no new China and that it is a historical necessity for the country to build socialism. With this understanding, people will become even more confident in upholding the socialist system for their future happiness. The book also proceeds from reality to analyze the tortuous path, setbacks, and difficulties met by the country in carrying out socialist construction to help young readers understand the national condition in an overall way and be aware of the new historical tasks so that they will spare no effort to serve their motherland.

The book contains more than 200,000 characters, with short chapters and sections. But it is rich in subject matter and knowledge and therefore, is an interesting book. It introduces knowledge that is already known by the people as well as knowledge that is not generally known. For example, it is known that China contributed to world civilization through the four big inventions of making paper, printing technology, the compass, and gunpowder.

But in addition to these inventions, the book also points out that China once led the world in such aspects as agriculture, astronomy, smelting, casting, architecture, and medical knowledge and that the country has a brilliant history in the production of porcelain, silk, and tea. In fact, it is a reference book that is worth keeping because it contains rich reference materials.

The style of writing in this book is also quite vivid and lively. It also contains pictures, and each part of the book is headed by a passionate poem. The design of this book is also fresh and lucid.

But it can still be improved. For example, the expositions in certain chapters are not profound enough, there is no explanation for certain difficult phrases and characters and some pictures are blurred. But in spite of these shortcomings, "Motherland" is an excellent book for carrying out education in patriotism among young people.

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END